General Principle

1. The final step in the valuation process is communicating the value to the commissioning party and any other intended users. It is essential that the valuation report communicates the information necessary for proper understanding of the valuation. A valuation report shall not be ambiguous or misleading and shall provide the intended reader with a clear understanding of the valuation provided.

2. To provide comparability, relevance and credibility, the valuation report shall set out a clear and accurate description of the scope of the assignment, its purpose and intended use, confirmation of the basis of value used and disclosure of any assumptions, special assumptions, material uncertainty or limiting conditions that directly affect the valuation.

3. This standard applies to all valuation reports whether printed on paper or transmitted electronically. For certain asset classes or applications there may be variations from this standard or additional requirements to be reported upon. These are found in the relevant Asset or Valuation Application.

Report Contents

4. The purpose of the valuation, the complexity of the asset being valued and the users’ requirements will determine the level of detail appropriate to the valuation report. The format of the report and any exclusion from the content requirements of this standard should have been agreed and recorded in the scope of work.

5. All valuation reports shall include reference to the matters listed below. Items (a) to (k) in this list relate to matters that should be recorded in the scope of work (see IVS 101 Scope of Work). It is recommended that the scope of work be referred to in the report.

(a) Identification and status of the valuer

The valuer can be an individual or a firm. A statement confirming that the valuer is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation shall be included.
The report shall include the signature of the individual or firm responsible for the valuation.

If the valuer has obtained material assistance from others in relation to any aspect of the assignment, the nature of such assistance and the extent of reliance shall be referenced in the report.

(b) Identification of the client and any other intended users

The party commissioning the valuation shall be identified together with any other parties whom it is intended may rely on the valuation (see also (j) below).

(c) Purpose of the valuation

The purpose of the valuation shall be clearly stated.

(d) Identification of the asset or liability to be valued

Clarification may be needed to distinguish between an asset and an interest in or right of use of that asset.

If the valuation is of an asset that is utilised in conjunction with other assets, it will be necessary to clarify whether those assets are included in the valuation, excluded but assumed to be available or excluded and assumed not to be available (see IVS Framework paras 24 and 25).

(e) Basis of value

This shall be appropriate for the purpose. The source of the definition of any basis of value used shall be cited or the basis explained. Some common valuation bases are defined and discussed in the IVS Framework.

(f) Valuation date

The valuation date is defined in IVS as the date on which the opinion of value applies. This may be different from the date on which the valuation report is issued or the date on which investigations are to be undertaken or completed. Where relevant, these dates shall be clearly distinguished in the report.

(g) Extent of investigation

The extent of the investigations undertaken, including the limitations on those investigations set out in the scope of work, shall be disclosed in the report.
(h) Nature and source of the information relied upon
The nature and source of any relevant information relied upon in the valuation process without specific verification by the valuer shall be disclosed.

(i) Assumptions and special assumptions
All assumptions and any special assumptions made shall be clearly stated.

(j) Restrictions on use, distribution or publication
Where it is necessary or desirable to restrict the use of the valuation or those relying upon it, this shall be stated.

(k) Confirmation that the valuation has been undertaken in accordance with the IVS
While confirmation of conformity with IVS is required, there may be occasions where the purpose of the valuation requires a departure from the IVS. Any such departure shall be identified, together with justification for that departure. A departure would not be justified if it results in a valuation that is misleading.

(l) Valuation approach and reasoning
To understand the valuation figure in context, the report shall make reference to the approach or approaches 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 scope of work that a valuation report shall be provided without reasons or other supporting information.

(m) Amount of the valuation or valuations
This shall be expressed in the applicable currency.

(n) Date of the valuation report
The date on which the report is issued shall be included. This may be different from the valuation date (see (f) above).

Effective Date

6. The effective date of this standard is 1 January 2012, although earlier adoption is encouraged.