

## COMPETENCE FOR VALUERS IN INDIA

**Valuer of Immovable Property** (other than agricultural lands, plantations, forests, mines and quarries) shall have the following qualifications, namely:-

He / She must be a graduate in Civil Engineering, Architecture or Town Planning of a recognised university OR

possess a qualification recognised by the Central Government for recruitment to superior services or posts under the Central Government in the field of Civil Engineering, Architecture or Town Planning and

**Valuer of Movable Property** (Plant & Machinery Valuer) shall have the following qualifications, namely:-

He / She must be graduate in Mechanical or Electrical Engineering, of a recognised university OR

Possess a qualification recognised by the Central Government for recruitment to superior services or post under the Central Government in the field of Mechanical / Electrical Engineering.

**Valuer of Agricultural Property** (other than Plantation) shall have the following qualifications, namely:-

He / She must be graduate in Agricultural Science of recognised university

**Valuer of Tea / Coffee / Rubber / Cardamom Plantations:-** shall have the following qualifications, namely:-

He / She must have an experience of not less than five years, owned or managed Coffee / Tea / Rubber / Cardamom Plantation having an area under plantation not less than 4 Hecters of plantation

**Valuer for Standing Forests :**

He / She must have an experience of not less than five years in a Gazetted Post requiring specialized knowledge of Forestry in the Government Department.

**Valuer of Jewellery, Precious Stones and Ornaments:**

He / She must have an experience for a period of not less than five years as a sole proprietor OR a partner in a firm carrying on Jewellery Business having an annual turnover of not less than 15 lakhs

**Valuer of Works of Art:** He / She must :

have specialized by virtue of his academic and professional pursuits in the particular line of art, for the works of which he seeks to be admitted or registered as valuer

**Valuer of Mines and Quarries**

He / She must be a graduate in Mining of a recognized university.

**Valuer of Stock & Trade, Share, Debenture, Securities,**

He / She must be a member of the Institute of Chartered Accountants or Institute of Cost & Works Accountants of India; or Institution of Companies Secretaries of India.

**Qualification:**

For registration of a valuer under the Wealth Tax Act, 1957 qualification prescribed are recorded in the Rule 8 A (8) (i) which indicates that, one should be a graduate in mechanical electrical or civil engineering or an architect (member of council of architect).

**Experience:**

Experience required for all the registered valuer is minimum ten years in their category.

(The scope of experience and qualification is improved by the act by release of government gazette notifications so one is advised to note the current situation)

**STANDARD 1 –  
InVS 1 – Market Value Basis Of Valuation**



## INTRODUCTION

- 1.1 The objective of this Standard is to provide a common definition of Market Value. This Standard also explains the general criteria relating to this definition and to its application in the valuation of property when the purpose and intended use of the valuation calls for estimation of Market Value.
- 1.2 **Market Value** is a representation of value in exchange, or the amount a property would fetch if offered for sale in the (open) market at the date of valuation under circumstances that meet the requirements of the Market Value definition. To estimate Market Value, a Valuer must first determine highest and best use, or most probable use. That use may be for continuation of a property's existing use or for some alternative use. These determinations are made from market evidence.
- 1.3 **Market Value** is estimated through application of valuation methods and procedures that reflect the nature of property and the circumstances under which given property would most likely to trade in the market. The most common methods used to estimate Market Value include the Sales Comparison Approach, the Income Capitalization Approach, including Discounted Cash Flow analysis, and the Cost Approach.

1.4 All Market Value, measurement, methods, techniques, and procedures will, if applicable and if appropriately and correctly applied, lead to a common expression of Market Value when based on market-derived criteria. Sales comparisons or other market comparisons should evolve from market observations. The income capitalization approach, including discounted cash flow analysis, should be based on market-determined cash flows and market-derived rates of return. Construction costs and depreciation should be determined by reference to an analysis of market-based estimates of costs and accumulated depreciation. With Proper Prudence the valuer has to choose a relevant method applicable to issues before him as also the circumstances of the market which together will influence the market value.

1.5 The manner in which property would ordinarily trade in the market distinguishes the applicability of the various methods or procedures of estimating Market Value. When based on market information, each method is a comparative method. It is the Prerogative of the valuer to choose the appropriate method (All methods are designed to arrive at a market value. The valuer will consider each method to find out which method is to suitable to his specific appointment / engagement.

## **2. Scope**

2.1 This standard is applicable for the estimation of value of Real Estate and other relative assets which are supposed to be for sale in open market and not for estimation of values of assets as a part of a going concern or for some other purpose

## **3. Definition**

Market Value is defined for the purpose of these Standards as follows:

- 3.1 Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.
- 3.2 The term property is attributed to the asset under reference and includes movable as also immovable assets. Therefore the word asset is replaced here by the word property.
- 3.2.1 **“The estimated amount...”** refers to a price expressed in terms of money (normally in the local currency), payable for the property in an arm’s-length market transaction. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale.
- 3.2.2 “.. a property should exchange...” refers to the fact that the value of a property is an estimated amount rather than a predetermined amount or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.
- 3.2.3 “...on the date of valuation...” This makes the “Valuation Estimate” **time specific** as of a given day / date. The market conditions may change and therefore the value estimate may appear to be incorrect at another day / date; and will / may not hold good for the earlier or later day / date. This implies the importance of **“the effective date of valuation”**.
- 3.2.4 “...between a willing buyer...” refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor

determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist.

- 3.2.5 “**..a willing seller**” is neither an over-eager nor a forced seller, prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The factual circumstances of the actual property owner are not a part of this consideration because the ‘willing seller’ is a hypothetical owner.
- 3.2.6 “**..In an arms-length transaction...**” The parties to such a transaction **DO NOT** have any special relationship (which may influence the value). The market value transaction is expected to be between unrelated parties both acting prudently and independently..
- 3.2.7 “**..after proper marketing...**” This means that the property intended to be sold would be exposed to market in appropriate manner to effect disposed at best price reasonably obtainable and the “intended sale” is brought to the notice of adequate number of potential buyers prior to the valuation date.
- 3.2.8 “...wherein the parties had each acted knowledgeably and prudently...” This presumes that both the willing buyer and willing seller are reasonably informed about the nature & characteristics of the property; its present use and potential uses. The parties were also made aware of the pulse of the market on the date of valuation. Both are expected to protect their individual interest.
- 3.2.9 “**..and without compulsion...**” It means that both parties to the transaction are willingly motivated by their own appetite to sell on one hand and to buy all the other hand. Without any shadow of compulsion to influence them anywhere.

3.2.10 Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

**4. Highest and Best Use (HABU).** – This use is the reasonably probable and legal use which is physically possible appropriately supported financially feasible and that results in the highest value.

#### **5. Relationship to Accounting Standards**

5.1 Market value estimates are normally expected to be reflected in financial reports that are known to public at large – i.e. stock holders etc. These financial reports generally comply with accepted valuation principles. The market value is also referred to as fair value or fair market value. The terms are used interchangeably.

#### **6. Statement of Standard**

6.1 To perform valuations that comply with these Standards, it is mandatory that Valuers adhere to all sections of the Code of Conduct pertaining to Ethics, Competence, Disclosure, and Reporting.

6.2 In performing and reporting a Market Value estimate, the Valuer shall;

6.2.1 completely and understandably set forth the valuation in a manner that will not be misleading;

6.2.2 ensure that the estimate of Market Value is based on market-derived data;

6.2.3 ensure that the estimate of Market Value is undertaken using appropriate methods and techniques;

6.2.4 provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses, and conclusions; and comply with the requirements of InVS in reporting the valuation.

6.3 Accordingly, the Valuer shall:

- 6.3.1 define the value being estimated and state the purpose and intended use of the valuation, the effective date of valuation, and the date of the report;
- 6.3.2 clearly identify and describe the property and property rights or interests being valued;
- 6.3.3 describe the scope/extent of the work undertaken and the extent to which the property was inspected;
- 6.3.4 state any assumptions and limiting conditions upon which the valuation is based;
- 6.3.5 fully and completely explain the valuation bases/approaches applied and the reasons for their applications and conclusions; and
- 6.3.6 include a signed Compliance Statement (Certification of Value) attesting to the Valuer's objectivity, professional contributions, non-bias, non-contingency of professional fees or other compensation, as well as Standards' applicability, and other disclosures

## **7. Terms of Reference – Explained**

- 7.1 Market valuations are generally based on information regarding comparable properties. The Valuation Process requires a Valuer to conduct adequate and relevant research for market comparables including searches in the office of the sub-registrar, to perform competent analysis, and to draw informed and supportable judgments. Because changing conditions are characteristic of markets, Valuers must consider whether available data reflect and meet the criteria for Market Value.
- 7.2 The data collected should not be accepted in its as is form without question but should also consider all pertinent market evidence, trends, comparable transactions, and other information. Where market data are limited, or essentially non-existent (as for example with certain specialised properties OR suppressed value transactions that are quite predominant in

the Indian Economy), the Valuer must make proper disclosure of the situation and must state whether the estimate is in any way limited by the inadequacy of data.

- 7.3 All valuations require exercise of a Valuer's judgement, but reports should disclose whether the Valuer bases the Market Value estimate on market evidence, or whether the estimate is more heavily based upon the Valuer's judgement because of the nature of the property and lack of comparable market data
- 7.4 Periods of rapid changes in market condition are typified by rapidly changing prices, a condition commonly referred to as disequilibrium. A period of disequilibrium may continue over a period of years and can constitute the current and expected future market condition. In other circumstances, rapid economic change may give rise to erratic market data. If some sales are out of line with the market, the Valuer will generally give them less weight. It may still be possible for the Valuer to judge from available data where the realistic level of the market is. Individual transaction prices may not be evidence of Market Value, but analysis of such market data should be taken into consideration in the Valuation Process.
- 7.5 During periods of market transition characterized by rapidly rising or falling prices, there is a risk of over- or under-valuation if undue weight is given to historic information or if unwarranted assumptions are made regarding future markets. In these circumstances Valuers must carefully analyze and reflect the actions and attitudes of the market and take care that they fully disclose the results of their investigations and findings in their reports.
- 7.6 In poor or falling markets there may or may not be a large number of "willing sellers." Some, but not necessarily all transactions may involve elements of financial (or other) duress or conditions that reduce or eliminate the practical willingness of certain owners to sell. Valuers must take into account all pertinent factors in such market conditions and attach such weight to individual transactions that they believe proper to reflect the market.

7.7 Liquidators and receivers are normally under a duty to obtain the best price in asset disposals. Sales, however, may take place without proper marketing or a reasonable marketing period. The Valuer must judge such transactions to determine the degree to which they meet the requirements of the Market Value definition and the weight that such data should be given

## **8. Disclosure Requirements**

8.1 Valuation Reports must not be misleading. Valuations conducted for the purpose of estimating and reporting Market Value shall meet the requirements of section 6.2 above. Reports shall contain a specific reference to the definition of Market Value as set forth in this Standard, together with specific reference as to how the property has been viewed in terms of its utility or its highest and best use (or most probable use) and a statement of all substantive assumptions.

8.2 In making Market Value estimates the Valuer shall clearly identify the effective date of valuation (the date at which the value estimate applies), the purpose and intended use of the valuation, and such other criteria as are relevant and appropriate to ensure adequate and reasonable interpretation of the Valuer's findings, opinions, and conclusions.

8.3 Although the concept, use, and application of alternative expressions of value may be appropriate in certain circumstances, the Valuer shall ensure that if such alternative values are estimated and reported, they should not be construed as representing Market Value.

8.4 When valuations are made by an Internal Valuer, i.e., one who is in the employment of either the entity that owns the assets or the accounting firm responsible for preparing the entity's financial records and/or reports, there shall be a specific disclosure in the Valuation Report or Certificate of the existence and nature of any such relationships.

**STANDARD 2 –**  
**InVS 2 – Valuation Bases Other Than Market**



# INTRODUCTION

- 1.1 The objectives of Indian Valuation Standards are two fold: first, to identify and explain bases of value other than Market Value and to establish standards for their application; and second to distinguish them from Market Value.
- 1.2 Although the majority of professional valuations, particularly asset valuations involve Market Value, there are circumstances that call for bases other than Market Value. It is essential that both the Valuer and users of valuations clearly understand the distinction between Market Value and Bases of Value Opinions Other than Market Value.

## 2. Scope

- 2.1 This Standard presents and explains bases of valuation other than Market Value.

## 3. Definitions

- 3.1 **Value in Use.** The value a specific property has for a specific use to a specific user and therefore is based on principles other than those used for market value. This value type focuses on the value that specific property contributes to the entity of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realised upon its sale.

- 3.2 **Investment Value**, or Worth. The value of property to a particular investor, or a class of investors, for identified investment objectives. This subjective concept relates specific property to a specific investor, group of investors, with identifiable investment objectives and/or criteria. The investment value, or worth, of a property asset may be higher or lower than the Market Value of the property asset. The term investment value, or worth, should not be confused with the Market Value of an investment property.
- 3.3 **Going Concern Value**. The value of a business as a whole. This specific value is required to be addressed when an entire business is transferred as an operational entity. In this exercise valuation of all the tangible assets is one of the issues to be addressed. The going concern value also accounts for the value of intangible assets including brand, goodwill etc.
- 3.4 **Insurable Value**. The value of property provided by definitions contained in an insurance contract or policy viz. Reinstatement OR Market Value
- 3.5 **Rateable, or Taxable Value** is a value that forms the basis for levying the property taxes. While some Municipal Authorities may cite Market Value as the assessment basis, methods used to estimate the value may produce results that differ from Market Value as defined in InVS 1. Therefore, assessed, rateable, or taxable value cannot be considered to comply with Market Value as defined in InVS 1 unless explicitly indicated to the contrary.
- 3.6 **Salvage Value**. The value of a property, excluding land, as if disposed of for the materials it contains, rather than for continued use without special repairs or adaptation.
- 3.7 **Forced Liquidation Value**. The amount that may reasonably be received from the sale of a property within a time frame too short to meet the marketing time frame required by the Market Value definition. At times forced sale value in particular may also involve an unwilling seller and a buyer or buyers who buy with knowledge of the disadvantage of the seller.

3.8 **Special Value.** A term relating to an extraordinary element of value over and above Market Value. Special value could arise, for example, by the physical, functional, or economic association of a property with some other property such as the adjoining property. It is an increment of value that could be applicable to a particular owner or user or prospective owner or user, of the property rather than to the market at large; that is, special value is applicable only to a purchaser with a special interest. Synergetic OR Marriage value, which is the value increment resulting from the merger of two or more interests in a property, represents a specific example of special value. Special value could be associated with elements of going concern value and with investment value, or worth.

3.9 **Mortgage Lending Value.** The value of the property as determined by the Valuer making a prudent assessment of the future marketability of the property by taking into account long-term sustainable aspects of the property, the normal and local market conditions, and the current use and alternative appropriate uses of the property. Speculative elements may not be taken into account in the assessment of mortgage lending value. The mortgage lending value shall be documented in a transparent and clear manner.

#### **4. Relationship to Accounting Standards**

4.1 For most purposes, valuations under Indian Accounting Standards require the reporting of Fair Value. There are some instances, however, where valuation is carried out using based other than those for Market Value. These include assessment of the Residual Value for depreciation purposes etc.

#### **5. Statement of Standard**

5.1 To perform valuations that comply with these Standards, it is mandatory that Valuers adhere to all sections of the Code of Conduct pertaining to Ethics, competence, Disclosure, and Reporting

- 5.2 In performing and reporting a Non-Market Value estimate, the Valuer shall:
- 5.2.1 completely and understandably set forth the valuation in a manner that will not be misleading;
  - 5.2.2 ensure that the estimate of value is based on data and circumstances conclusions; and
  - 5.2.3 comply with the requirements of Indian Valuation Standard 3 in reporting the valuation.
- 5.3 Accordingly, the Valuer shall;
- 5.3.1 define the value being estimated and state the purpose and intended use of the valuation, the effective date of valuation, and the date of the report;
  - 5.3.2 distinguish that the value so reported is not a Market Value estimate if the estimate is made on a bases other than Market Value;
  - 5.3.3 clearly identify and describe the property and property rights or interests being valued;
  - 5.3.4 describe the scope/extent of the work undertaken and the extent to which the property was inspected;
  - 5.3.5 state any assumptions and limiting conditions upon which the valuation is based;
  - 5.3.6 fully and completely explain the valuation bases/approaches applied and the reasons for their applications and conclusions; and
  - 5.3.7 include a signed Compliance Statement (Certification of Value) attesting to the Valuer's objectivity, professional contributions, non-bias, non-contingency of professional fees or other compensation, as well as Standards' applicability, and other disclosures.

## **6. Disclosure Requirements**

- 6.1 Valuation Reports must not be misleading. Valuations conducted for the Purpose of estimating and reporting value opinion framed on bases other than Market Value shall meet the requirements of section 5.2 above.
- 6.2 For valuations carried out on bases other than Market Value, it is required in accordance with the Code of Conduct that the purpose and intended use of the valuations be clearly reported, and that full disclosure be made of the basis for the valuation estimate, its applicability, and its limitations.
- 6.3 Each Valuation Report prepared on a basis other than Market Value shall contain a Statement of Contingent and Limiting Conditions or similar disclosure. Notwithstanding this provision, the Valuer shall not use the Statement of Contingent and Limiting Conditions to justify unreasonable departure from these Standards.
- 6.4 In performing a valuation on a basis other than Market Value, the Valuer shall not make assumptions that are unreasonable in the light of facts ascertainable at the effective date of valuation. All assumptions shall be disclosed in all reports.
- 6.5 When valuations are made by an Internal Valuer, i.e., one who is in the employment of either the entity that owns the assets or the accounting firm responsible for preparing the entity's financial records and/or reports, there shall be a specific disclosure in the Valuation Report or Certificate of the existence and nature of any such relationships



**STANDARD 3**  
**InVS 3 – Valuation Reporting**



# INTRODUCTION

- 1.1 **The critical importance of a Valuation Report**, the final step in the valuation process, lies in communicating the value conclusion and confirming the basis of the valuation, the purpose of the valuation, and any assumptions or limiting conditions underlying the valuation. The analytical processes and empirical data used to arrive at the value conclusion may also be included in the Valuation Report to guide the reader through the procedures and evidence that the Valuer used to develop the valuation.
- 1.2 Considering the *key role the Valuation Report* plays in communicating the conclusion of a valuation to users and third-party readers, this Standard has set forth the following as its principal objectives:
  - 1.2.1 To discuss reporting requirements consistent with professional best practice
  - 1.2.2 To identify essential elements to be included in Valuation Reports.

## 2. Scope

- 2.1 The reporting requirements addressed in this Standard apply to all types of Valuation Reports.
- 2.2 Compliance with these reporting requirements is incumbent upon both Internal and External Valuers.

### 3. Definitions

#### 3.1 *Valuation Report.*

3.1.1 A document that records the instructions for the assignment, the basis and purpose of the valuation, and the results of the analysis that led to the opinion of value.

3.1.2 A Valuation Report may also explain the analytical processes undertaken in carrying out the valuation, and present meaningful information used in the analysis.

3.1.3 Valuation Reports can be either oral or written. The type, content and length of a report vary according to the intended user, legal requirements, the property type, and the nature and complexity of the assignment.

#### 3.2 The terms- *Valuation Certificate* and *Valuation Report* are sometimes used interchangeably.

3.2.1 The term Valuation Certificate designates a document in which the Valuer certifies the amount of the valuation of the property.

3.2.2 The Valuation Certificate is usually a short letter, though it may also take the form of a detailed report.

3.2.3 It includes the valuation date; purpose of the assignment; date of the certificate; assumptions upon which the valuation is based; and the name, address and qualification of the Valuer.

3.2.4 Certification of Value as used is a statement in which the Valuer affirms that the facts presented are correct, the analyses are limited only by the reported assumptions, the **Valuer's fee is not contingent upon any aspect of the report**, and the Valuer has performed the valuation in compliance with ethical and professional standards.

- 3.3 **Oral Report.** The estimated valuation verbally conveyed to the client OR documented as evidence in the Court by means of deposition. An orally conveyed report to the client must be supported by a work file and followed by a synopsis of the valuation. The deposition before the Honorable Courts should fully comply with the Indian Evidence Act, 1908 by taking the privileges of special provisions of an expert witness record in the act.
- 3.4 **Written Report.** The results of a valuation communicated to a client in writing, which includes electronic communication. Written reports may be detailed narrative documents containing all pertinent materials examined and analyses performed to arrive at a value conclusion or abbreviated pertinent narrative documents, including periodic updates of value, forms used by governmental and other agencies, or letters to clients.
- 3.5 **Specifications for the Valuation Assignment.** A Valuer must ensure that the analyses, information and conclusions presented in the report fit the specifications for the assignment. The specifications for the value assignment include the following seven elements:
- 3.5.1 **An identification of the real, personal** (plant and machinery; furniture, fixtures, and equipment), business or other property subject to the valuation and other classes of property included in the valuation besides the primary property category;
- 3.5.2 **An identification of the property rights** (sole proprietorship, partnership, or partial interest) to be valued;
- 3.5.3 **The intended use** of the valuation and any related limitation; and the identification of any subcontractors or agents and their contribution;
- 3.5.4 A definition of the basis or type of value sought;
- 3.5.5 The date as of which the value estimate applies and the date of the intended report

3.5.6 An identification of the scope/extent of the valuation and of the report; and

3.5.7 An identification of any contingent and limiting conditions upon which the valuation is based

3.6 **Compliance Statement.** An affirmative statement attesting to the fact that the Valuer has followed the ethical and professional requirements of Code of Conduct in performing the assignment.

3.7 **Special, unusual, or extraordinary assumptions.** Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

#### **4. Relationship to Accounting Standards**

4.1 Where applicable, the Valuation Report shall meet with the requirements of the Indian Accounting Standards.

#### **5. Statement of Standard**

5.1 To perform valuations that comply with these Standards it is mandatory that Valuers adhere to all sections of the Code of Conduct pertaining to Ethics, Competence, Disclosure, and Reporting

5.2 Each Valuation Report shall;

*5.2.1 clearly and accurately set forth the conclusions of the valuation in a manner that is not misleading;*

*5.2.2 identify the client, the intended use of the valuation, and relevant dates;*

*5.2.3 record the date as of which the value estimate applies,*

- 5.2.4 the date of the report, and
- 5.2.5 *the date of the inspection;*
- 5.2.6 *specify the basis of the valuation, including type and definition of value;*
- 5.2.7 *separately report the Market Value and Valuation prepared using bases other than Market Value*
- 5.2.8 identify and describe the property rights or interests to be valued,
- 5.2.9 physical and legal characteristics of the property, and classes of property included in the valuation other than the primary property category;
- 5.2.10 describe the scope/extent of the work used to develop the valuation;
- 5.2.11 specify all assumptions and limiting conditions upon which the value conclusion is contingent;
- 5.2.12 identify special, unusual, or extraordinary assumptions and address the probability that such conditions will occur;
- 5.2.13 include a description of the information and data examined, the market analysis performed, the valuation approaches and procedures followed, and the reasoning that supports the analyses, opinions, and conclusions in the report;
- 5.2.14 contain a clause specifically prohibiting the publication of the report in whole or in part, or any reference thereto, or to the valuation figures contained therein, or to the names and professional affiliation of the Valuers, without the written approval of the Valuer;
- 5.2.15 include the name, professional qualifications, and signature of the Valuer.

5.2.16 include a Compliance Statement that the valuation has been performed in accordance with InVSs, disclose any departure from the specific requirements of the InVSs and provide an explanation for such departure in accordance with the InVSs Code of Conduct;

5.2.17 Each compliance statement shall confirm that

- the statements of fact presented in the report are correct to the best of Valuer's knowledge;
- the analyses and conclusions are limited only by the reported assumptions and conditions;
- the Valuer has no (or if so, a specified) interest in the subject property; The Valuer's fee is or is not contingent upon any aspect of the report.
- the valuation was performed in accordance with an ethical code and performance standards;
- the Valuer has satisfied professional education requirements;
- the Valuer has experience in the location and category of the property being valued;
- the Valuer has (or has not) made a personal inspection of the property; and no one, except those specified in the report, has provided professional assistance in preparing the report;

5.3 When Valuation Reports are transmitted electronically, a Valuer shall take reasonable steps to protect the integrity of the data/text in the report and to ensure that no errors occur in transmission. Software should provide for security of transmission.

- 5.4 The origin, date and time of the sending as well as the destination, date and time of receipt should be identified. Software should allow confirmation that the quantity of data/text transmitted corresponds to that received and should render the report as 'read-only' to all except the author.
- 5.5 The Valuer should ensure that the digital signature(s) is/are protected and fully under the Valuer's control by means of passwords (PIN numbers), hardware devices (secure cards), or other means. A signature affixed to a report electronically is considered as authentic and carries the same level of responsibility as a written signature on a paper copy report.
- 5.6 The standards do not prescribe any specific format for the valuation report. The presentation of a Valuation Report is decided by the Valuer and the client based on the instructions or specifications for the assignment.
- 5.7 The type, content, and length of a report depend on the intended user of the report, legal requirements, property type, and the nature and complexity of the valuation issue or problem.
- 5.8 For all Valuation Reports, sufficient documentation must be retained in the work file to support the results and conclusions of the valuation and must be held for a period of at least five years after completion.
- 5.9 The report should convey to the reader a clear understanding of the opinions being expressed by the Valuer and also be readable and intelligible to someone with no prior knowledge of the property. *It* should demonstrate clarity, transparency, and consistency of approach.

## **6. Disclosure Requirements**

- 6.1 When valuations are made by an Internal Valuer, specific disclosure shall be made in the Valuation Report of the existence and nature of the relationship between the Valuer and entity controlling the asset.

- 6.2 If a Valuer is involved in a valuation assignment in a capacity other than as a Valuer, for example, as an independent or impartial agent, as a consultant or advisor to a business entity, or as a mediator, the Valuer should disclose the specific role taken in each assignment.
- 6.3 The Valuer shall disclose the regulatory framework and any departure required from these Standards to comply with local legislation, regulation (including accounting rules), or custom.