

## | GLOSSERY |

**Adjusted Book Value** : The book value that results when one or more asset or liability amounts are added, deleted, or changed from the reported book amounts.

**Administrative (Compliance ) Review** : A valuation review performed by a client or user or valuation services as an exercise in due diligence when the valuation is to be used for purposes of decision - making such as underwriting, purchasing, or selling the property. A Valuer may, on occasion, perform an administrative review to assist a client with these functions. An administrative review is also undertaken to ensure that a valuation meets or exceeds the compliance requirements or guidelines of the specific market and, at a minimum, conforms to Generally Accepted Valuation Principles (GAVP) .

- Ad Valorem Property Taxation** : A revenue-raising procedure, based on the assessed value of Property related to a scale of charges defined by statute with a specified time-frame. See also Assessed, Rateable, or Taxable Value.
- Agricultural Activity** : Management by an entity of the biological transformation of the biological assets for sale, into agricultural produce or into additional biological assets.
- All Risks Yield (ARY)** : See capitalization rate.
- Appraiser** : See Professional Property Valuer.
- Annuity** : A series of payments made or received at intervals either for life or for a fixed number of periods.
- Arm's Length Transaction** : A transaction between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) that may make the price level uncharacteristic of the market or inflated because of an an element of Special Value. The Market Value transaction is presumed to be between unrelated parties, each acting independently.
- Assessed, Rateable or Taxation** : A value which is based upon definitions contained within applicable laws relating to the assessment, rating, and / or taxation of property. Although some jurisdictions may cite market value as the assessment basis, required valuation methodology may produce results, which differ from market value as defined herein. See also Ad Valorem Property taxation.

**Asset**

- : i) a resource owned or controlled by an entity of past events and from which some future economic benefit(s) can be expected to flow to the entity. Ownership of an asset is itself an intangible. However, the asset owned may be either tangible or intangible.
- ii) A resource controlled by an entity as a result of past events, and from which future economic benefits are expected to flow to the entity.
- iii) An item of property , plant and equipment should be recognised as an asset when :
  - a) it is probable that future economic benefits associated with the asset will flow to the entity; and
  - b) the cost to the Asset to the entity can be measured reliably. The term is used to denote real and personal property, both tangible and intangible. See also Current Assets, Investment asset, Operational Asset, Specialised Asset, Surplus Asset.

**Asset-Based Approach**

- : A means of estimating the value of a business and / or equity interest using methods based on the Market Value of individual business assets less liabilities.

An approach to value that examines the balance sheet of the business that reports all assets, tangible and intangible, and all liabilities at Market Value. The asset-based approach should not be the sole valuation approach used in assignments involving operating businesses appraised as going concerns unless it is customarily used by sellers and buyers.

**Assumptions** : Supposition taken to be true. Assumptions involve facts, conditions, or situations affecting the subject of, or approach to, a valuation but which may not be capable or worthy & verification. They are matters that, once declared, are to be accepted in understanding the valuation. All assumption underlying a valuation should be reasonable. See also Special, Unusual or Extraordinary Assumptions

**Auction Price** : The price that is the final accepted bid at a public auction; may or may not include any fees or commissions. See also Hammer Price, Private Treaty sale.

**Average  
Competent  
Management** : See Reasonably Efficient Operator.

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**Basis of Value** : A statement of the fundamental measurement principles of a valuation a specified date.

**Biological Asset** : A living animal or plant.

**Book Value** : With respect to assets, the capitalised cost of an asset less accumulated depreciation, depletion or amortisation as it appears on the account books of the business.

With respect to business entity, the difference between total assets (net of deprecation, depletion amortisation) and total liabilities of a business as they appear on the balance sheet. It is synonymous with net book value, net worth and shareholder's equity.

See also Adjusted Book value.

**Business Entity** : A commercial, industrial service or investment entity pursuing an economic activity; generally, a profit-making entity.

A business entity may be unincorporated (sole proprietorships partnerships) or incorporated (closely-held or publicly held), or take the form of trust arrangements or multiple entities. The ownership interest in a business may be undivided, divided among shareholders, and / or involve a majority interest and minority interest.

See also Going Concern, Holding Company or Investment Business, Operating company, Trade Related Property

**Business Valuation** : The act or process of arriving at an opinion or estimation of the value of a business or entity or an interest therein

**Business Valuer** : A person, who by education, training and experience is qualified to perform a valuation of a business, business ownership interest, security and/or intangible assets.

**Calibration** : The process of analyzing sets of property and market data to determine the specific parameters operating upon a model.

**Capitalisation** : i) At a given date, the conversion into the equivalent capital value of net income or a series of net receipts, actual or estimated, over a period.

ii) In business valuation, the term refers to the capital structure of a business entity .

iii) In business valuation, this term also refers to the recognition of an expenditure as a capital asset rather than a periodic expense.

Method of arriving at the value of a property by reference to net returns and an expected percentage yield or return. In some States, capitalization refers to the conversion of a stream of income into capital value using a single conversion factor.

**Capitalisation Factor** : Any multiple or division used to convert income into capital value.

See also capitalization Rate, Income Multiplier, Valuation Ratio

**Capitalisation Rate (All Risks Yield)** : Any divisor (usually expressed as a percentage that is used to convert income into capital value.

The interest rate or yield at which the annual net income from an investment is capitalized to ascertain its capital value at a given date.

See also Terminal Capitalisation Rate.

**Capital Structure** : The composition of invested capital.

**Carrying Amount** : the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon. The amount at which an asset is recognised in the statement of financial position.

See also net carrying amount.

**Cash Generating Assets**: Assets held to generate a commercial return.

**Cash Flow** : The actual or estimated, periodic net income produced by the revenues and expenditures\outgoings in the operation and ultimate resale of an income-producing property.

**Gross Cash Flow**: Net income after taxes, plus non-cash items such as depreciation and amortization.

**Net Cash Flow** : During an operating period, that amount of cash that remains after all cash needs of the business have been satisfied. Net cash flow is typically defined as being cash available to equity or invested capital.

**Equity Net Cash Flow** : Net income after taxes, plus depreciation and other non-cash charges, less increases in working capital, less capital expenditures, less decreases in invested capital debt principal.

**Cash Generating Unit**: The smallest identifiable group of assets that generates cash inflow which are largely independent of the cash other assets or groups of assets.

**Condemnation** : The act or process of enforcing the right of eminent domain. In condemnation, the loss in value to the remainder, resulting from a partial taking, is known as damages.

See also Compulsory Acquisition/ purchase.

**Conservation Assets** : See Heritage and Conservation assets.

**Contract Rent or Passing Rent** : The rent specified by a given lease arrangement ; although a given contract rent, may equate to the Market Rent, in practice they may differ substantially, particularly for older leases with fixed rental terms.

**Contract Method:** See cost Approach.

**Control** : The power to direct the management and policies of business.

**Control Premium:** The additional value inherent in the control interest that reflects its power of control, as contrasted to a minority interest. See also Discount for Lack of Control.

**Cost** : i) The price paid for goods or services becomes its cost to the buyer

ii) The amount required to create or produce the goods or service.

Cost is production-related concept, distinct from exchange. Once the good are completed or the service is rendered, its cost becomes an historic fact.

The total cost of a property includes all direct indirect costs of its production. See also Price, Value

**Cost Approach** : One of the approaches to value commonly applied in Market and many Value estimates other valuation situations.

A comparative approach to the value of property or another asset, that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The Valuer's estimate is based on the other reproduction or reproduction or asset, less total (accrued) depreciation.

The cost approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the use with no undue cost due to delay.

An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs.

For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence.

See also Depreciation Replacement Cost, Depreciation, Replacement Cost, Reproduction Cost.

**Cost Approach : Valuing Fine Art** : A comparative approach to the value of fine art which considers as a substitute the purchase of a given work of fine art the possibility of creating another similar work of fine art to replace the original. The Valuer's estimate is based on the reproduction or replacement cost of the subject work or fine art, and the nature of the replacement, i.e., whether it be new for old, indemnity basis, a replica, or a facsimile.

“New for old” refers to the cost of purchasing the same item or if unavailable, an item similar in nature for new works of fine art.

“Indemnity basis” refers to the cost of replacing an item with a similar item in similar condition in the second-hand retail market for art and antiques.

A “replica” is copy of the original item, as near as possible to the original item, of nature, quality, and age of materials but created by means of modern construction methods. A “facsimile” is an exact copy of the original item, created with materials of a closely similar nature, quality, and age using construction methods of the original period.

**Cost Model** : After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

See also Revaluation Model.

**Crop (ping) Farms :** Agricultural properties used for growing commodities that are typically planted and harvested within a twelve-month cycle. Properties used for annual crop production may grow more than one type of annual crop over the same period and may or may not make use of irrigation to produce the crops. Some commodities are annual crops that may be left in the ground beyond a twelve-month cycle, per contract provision or in circumstances where market conditions are unfavorable. These crops will last for more than one year after harvest but are considered less than permanent.

See also Irrigated Land, Perennial Plantings.

**Cultural Heritage :** Three groups of (cultural heritage) assets are recognised :

- 1) **Monuments :** architectural works, works of monumental sculpture and painting, elements of structures of an architectural nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science ;
- 2) **Groups or buildings :** groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science ; and
- 3) **Sites :** works of man or the combined works of nature and man, and areas including archeological sites, which are of outstanding universal value from the historical, ethnological or anthropological point of view.

**Culture Property :** Property inscribed in the World Heritage List after having

met at least one of the cultural heritage criteria and the test of authenticity.

**Current Assets** : Assets not intended for use on a continuing basis in the activities of the entity such as stocks, obligations owed to the entity, short-terms investments, and cash in bank and in hand.

In certain circumstances real estate, may be treated as fixed asset may be treated as a current asset.

Examples include improved real estate held in inventory for sale.

- ii ) An asset which satisfied any of the following criteria :
  - a) it is expected to be realised in, or is held for sale or consumption in, the entity's normal operation cycle ;
  - b) it is held primarily for the purpose of being traded ;
  - c) it is expected to be realised within twelve months after the balance sheets date;
  - or
  - d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets shall be classified as non-current.

See also Non-Current Assets.

**Dairy Farms** : Agricultural properties used for the production of milk from cows or for other dairy products. These properties usually have extensive structural improvements (barns, milking parlours, silos) and equipment (feed bins, milking machines) Feed may be produced on the property, imported, or supplied by both sources.

- Damages** : See Condemnation.
- Dabenture** : Written acknowledgement of evidence of a debt, especially stock issued as security by a company for borrowed money.
- Deed Restrictions: and Restrictive Covenants** : Lawful limitations, which run with the land, and may affect the use, development, and conveyance of ownership.
- Depreciable Amount** : i) The cost of an asset, or other amount substituted for cost (in the financial statements), less its residual value.  
 ii) That element of an asset that depreciate over its useful life. The depreciable amount represent the wasting element of asset the balance represents the wasting element of the asset, the balance being the residual amount. However, leasehold land would also be depreciable.
- Depreciated Replacement Cost** : An application of the cost approach used in assessing the value of specialised assets for financial reporting purpose, where direct market evidence is limited or unavailable.  
 The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.  
 See also Cost Approach.
- Depreciation** : i) In the context of asset valuation, depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and function (technical ) and economic (external)

obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available. In financial reporting, depreciation refers to the charge made against income to reflect the systematic allocation of the depreciable amount of an asset over its useful life to the entity and its utilization of the asset, and is not necessarily affected by the market.

- ii) The systematic allocation of the depreciable amount of the depreciable amount of an asset over its useful life.

**Desk Review** : A valuation review that is limited to the date presented in the report, which may or may not be independently confirmed. Generally performed using a checklist of items. The reviewer checks for the accuracy of calculations, the appropriateness of methodology, and compliance with client guidelines, regulatory requirements, and professional standards.

See also field review.

**Develop** : To carry out any building, engineering, mining or other operations in, on, over or under the land or the making of any material change in the use of any building or land.

**Discount of Lack of Control** : An amount or percentage deducted from a pro-rata share of the value of 100 percent of an equity interest in a business, to reflect the absence of some or all of the powers of control.

See also Control Premium.

**Discount Rate** : A rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

Theoretically it should reflect the opportunity cost of capital, i.e., the rate of return the capital can earn if put to other uses having similar risk.

**Discounted Cash Flow (DCF) Analysis** : A financial modeling technique based on explicit assumption regarding the prospective cash flow to a property or business. As an accepted methodology within the income approach to valuation, DCF analysis involves the projection of a series of periodic cash flows either to an operating property, a development property, or a business.

To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property or business. In the case of operating real properties, periodic cash flow is typically estimated as gross income less vacancy estimated as gross income less vacancy and collection losses and less operating expense/outgoing. The series of periodic net operation incomes, along with an estimate of the reversion/terminal value/exit value, anticipated at the end of the projection period, is then discounted.

In the case of development properties, estimates of capital outlays, development costs, and anticipated sales income are estimated to arrive at a series of net cash flows that are then discounted over the projected development and marketing periods. In the case of a business, estimated of periodic cash flows and the value of the business at the end of the projection period are discounted. The

most widely used applications of DCF analysis are the Present Value (PV), or Net Present Value (NPV), and the internal rate of return (IRR) of cash flows.

**Dividends Method** : See Discount Cash Flows Analysis.

**Easement** : Nonpossessory ( incorporeal ) interest in landed property conveying use, but not ownership, of a portion of that property.

See Also Rights of Way.

**Economic Life** : Either  
i) the period over which an asset is expected to be economically usable by one or more users ;  
or  
ii) the number or production or similar units expected to be obtained from the asset by one or more users.

**Economic Obsolescence** : See External obsolescence.

**Economic Rent** : See Market Rent.

**Elements of Comparison** : Specific characteristics of properties and transactions that cause the prices paid for real estate to vary.

Elements of comparison include, but are not limited to, the following: `property rights conveyed, financing terms, condition of sale, market conditions, location, and physical and economic characteristics.

**Equipment** : See Plant and Equipment.

- Equitable or or Equity Interest** : The interest of a beneficiary under a trust as opposed to the legal interest of the trustee ( s ).  
A beneficiary is said to hold equitable title while legal title is held by the trustee( s ).
- Exploration Property or Area** : A Mineral or Petroleum real property interest that is being activity explored for Mineral deposits or Petroleum accumulations, but for which economic viability has not been demonstrated.
- External Obsolescence** : A loss in value due to factors outside the subject asset. External obsolescence is also called economic, environmental or locational. Examples of external obsolescence are changes in competition or in surrounding land uses like an industrial plant near a residential area. It is deemed incurable as the expenses to cure the problem are impractical.
- External Valuer** : A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment.  
  
See also Independent Valuer, Internal Valuer.
- Extractive Industries** : Those industries involved in the finding, extracting and associated processing of natural or the Minerals Industry and the Petroleum Industry. They do not include the industry sector focused on extraction of water from the earth but they do include extraction of geothermal fluid for its energy content.
- Fair Value** : The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction.

**Fair Value Less Costs to Sell** : The amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

**Fair Value Model** : See Revaluation Model

**Feasibility Study in the Extractive Industries** : A comprehensive study of a Mineral deposit or Petroleum deposit or Petroleum accumulation, in which all geological, engineering, operating, economic, marketing, environmental, regulatory and other relevant factors are considered in sufficient detail. The study could reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the prospective property for Mineral or Petroleum production.

**Fee Simple (Estate)** : Absolute ownership subject only to limitations imposed by the State ; also called a freehold.

**Field Review** : A valuation review that include inspection of the exterior and sometimes the interior of the subject property and possibly inspection of the comparable properties to confirm the data provided in the report. Generally performed using a checklist that covers the items examined in a desk review and may also include confirmation of market data, research to gather additional data, and verification to the software used in preparing the report.

See also Desk Review.

**Finance Lease** : A lease that transfer substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

See also Operating Lease.

- Financial Asset** : Any asset that is
- a) cash ;
  - b) an equity instrument of another entity ;
  - c) a contractual right :
    - i) to receive cash or another financial asset from another entity;
    - ii) to exchange financial instruments with another entity under conditions that are potentially favourable to the entity favourable to the entity  
or
  - d) a contract that will or may be settled in the entity's own equity instruments and is :
    - i) a non-derivative for which the entity own equity instruments; or
    - ii ) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments For this purpose the entity own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity own equity instruments.

**Financial Instruments** : Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

**Financial Interests** : The interest created by mortgage pledges where the property is used as collateral to secure finance or a charge

is taken over the property. An owner's equity position is considered a separated a separated financial interested. Financial Interest result from the legal division of ownership interests in businesses and real property (e.g., partnership, syndications, corporations, cotenancies, joint ventures), form the contractual grant of an option to buy or sell property ( e.g., instruments ) at a stated price within a specified period, or from the creation of investment instruments secured by pooled real estate assets.

**Financial liability :** Any liability that is:-

- a) a contractual obligation
  - i) to deliver cash or another financial asset to another entity ; or
  - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity.
- b) a contract that will or may be settled in the entity's own equity instruments and is :
  - i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity instruments; or
  - ii) a derived that will or may be settled other than by the exchange of fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

## **Financial Modelling**

- : The projection of a business' or property's periodic income or cash flow pattern from which measure of financial return can be calculated. Income or cash flow projections are generated through the use of a financial model that takes into account historical relationships between income, expenses, and capital amounts as well as projections of those variables.

Financial modeling may also be used as a management tool to test expectations for property performance. To gauge the integrity and stability of the DCF model, or as a method to replicate the steps taken by investors in making decisions involving the purchase, sale, or holding of a property or business.

See also Discount Cash Flow Analysis.

## **Financial Statements**

- : i) A complete set of financial statements (which) comprises :-
  - a) balance sheet ;
  - b) income statement ;
  - c) a statement showing either :
    - i) all changes in equity ; or
    - ii) changes in equity other than those from transactions with equity holder acting in their capacity as equity holders ;
  - d) a cash flow statement ; and
  - e) notes, comprising a summary or significant accounting policies and other explanatory notes. ]

- ii) In accounting, these comprise the balance sheet and income and expenditure statement (Profit and Loss Account ). They are written statements of the financial positions of a person or company.
- iii) Financial records of prescribed content and form for publication in the interests of common information needs of a wide range of third-party users who are not necessarily identifiable There is a measure of public accountability associate with financial statement that are developed within a regulatory framework of accounting standards and the law Financial statements are used to report the financial position and performance of an entity.

**Fixed or Long –** : See Non-Current Assets.

**Term Assets**

**Fixtures and Fittings** : The totality of improvements integral to a property, value collectively. See Trade Fixtures or tenant’s Fixtures.

**Forced Sale** : A Circumstance where a seller is under compulsion to sell and /or a proper marketing period is not available. The price obtainable under these circumstance will not meet the definition of Market Value.

Rather the price obtainable will depend on the nature of the pressure on the seller or the reasons why proper marketing cannot be undertaken. The price may also reflect the consequences for the seller of failing to sell within a specified period. The price obtainable in a forced sales typically cannot be predicted but will reflect the

particular circumstances of the forced sale rather than hypothetical exchange where the seller is acting without compulsion and/or where the transaction occurs after a proper marketing period.

- Forestry / Timberland** : Agriculture property used for the growing of non-orchard trees that are periodically harvested over extended growing periods ( 10 to 20 or more years ). Considered to be agriculture properties because they produce a crop, i.e., Wood , even though that crop requires a longterm growing period. See also Perennial Plantings.
- Fractional Interests** : See Partial Interest.
- Freehold** : Absolute ownership subject to limitations imposed by the state; also known as fee simple estate. An estate held for perpetuity.
- Freehold Interest:** A fee simple estate, representing the perpetual ownership in land.
- Freehold subject to Lease Interest/s** : Has the same meaning as leased fee interest, representing the ownership interest of lessor owning real estate that is subject to (a) lease (s) to others.
- Functional Obsolescence** : A loss in value within a structure due to changes in tastes, preferences, technical innovations, or market standards. Functional obsolescence includes excess capital costs and excess operating costs. It may be curable or incurable. Also called Technical Obsolescence.

- Furniture Fixtures, and Equipment (FF & E)** : Tangible personal property plus trade fixtures and leasehold improvements. See Also Personal Property.
- GAVP** : Generally Accepted Valuation Principles; best practice in the Valuation profession.
- Going Concern** : The entity is normally viewed as a going concern, that is as continuing in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.
- An operation business** : Going concern also serves as a valuation premise, under which Valuers and accountants consider a business as an established entity that will continue in operation indefinitely. The premise of a going concern serves as an alternative to the premise of liquidation.
- Goods and Chattels Personal** : In certain States, the term used for identifiable, portable, and tangible objects considered by the general public to be personal property. See also Personal Property.
- Goodwill** : i) An intangible but marketable asset based on the probability that customers will continue to resort to the same premises where the business is carried on under a particular name, or where goods are sold or services provided under a trade name, with the continuing prospect of earning an acceptable profit being likely.

- ii) Goodwill may include two distinct components: goodwill that is property-specific, or inherent within the property and transferable to a new owner on sale of the property, and personal goodwill that is associated with the proprietor or manager. (In such case, the goodwill element will be extinguished upon sale of the property.)
- iii) Future economic benefits arising from assets that are not capable of being individually identified and separately recognised.

See also Personal Goodwill, Transferable Goodwill.

**Government Business Enterprises ( GBE )** : An entity that has all of the following characteristics:

- a) is an entity with the power to contract in its own name;
- b) has been assigned the financial and operational authority to carry on a business;
- c) sells goods and services, in the normal course of its business, to other entities at a profit or full cost recover;
- d) is not reliant on continuing government funding to be a going concern ( other than purchases of outputs at arm's length ) ; and
- e) is controlled by a public service entity.

**Ground Lease** : Usually a long-term lease of land with the lessee permitted to improve or build on the land and to enjoy those benefits for the term of the lease.

**Hammer Price** : The accepted and announced bid, exclusive of any fees or commissions and, therefore, not necessarily the purchase price. See also Auction Price, Private Treaty Sale.

- Hazardous Substance** : In the context of valuation, any material within, around, or near the property being valued that has sufficient form, quantity, and bio-availability to create a negative impact on the property's Market Value.
- Headlease or Substance** : A lease to a single entity that is intended to be the holder of subsequent leases to sublessees that will be the tenants in possession of the leased premises.
- Headleasehold Interest or Sandwich Lessor Interest** : The holder of a headlease or master lease.
- Heritage Asset** : An asset having some cultural, environmental or historical significance. Heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves, and works of art. Heritage assets often display the following characteristics (although these characteristics are not necessarily limited to heritage assets):
- a) their economic benefit in cultural, educational and historic terms is unlikely to be fully reflected in a financial value based purely on market price;
  - b) legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale;
  - c) they are often irreplaceable and their economic benefit may increase over time even if their physical condition deteriorates; and
  - d) it may be difficult to estimate their useful lives, which in some cases could be hundreds of years. This definition is consistent with the definition of heritage assets.

**Highest and Best Use** : The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which result in the highest value of the property being valued.  
See also Market Value.

**Historic (Historical) Convention (Accounting)** : i) The traditional accounting convention for the compilation of financial statements on the basis of costs actually incurred by the current owner. The use of such accounting convention may not reflect the underlying value of the assets at the date of the annual accounts.

ii) Assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents, expected to be paid to satisfy the liability in the normal course of business.

See also correct Cost Convention.

**Historic House Owner Associations** : ‘Not-for-profit’ membership associations who promote the preservation of historic properties, and provide their owner-member with advice on matters such as the management, repair, maintenance, taxation and insurance of historic properties.

**Historic Property:** Real property publicly recognised or officially designed by a government-chartered body as having cultural or historic importance because of its association with an

historic event or period, with an architectural style, or with the Nation's heritage. Four characteristics are commonly associated with historic properties: 1) their historic, architectural and/or cultural importance; 2) the statutory or legal protection to which they may be subject; 3) restraints and limitation placed upon their use, alteration and disposal; and 4) the frequent obligation in some jurisdictions that they be accessible to the public. The terms, historic property and heritage asset, often overlap but are not in all cases equivalent.

See also Heritage Assets, Publicly Designated Historic Properties.

- Holding Company or Investment Business** : An entity which maintains the controlling interest in subsidiary companies by virtue of ownership of stock in those companies.  
A business which receives returns on its assets.
- Impairment** : A loss in the future economic benefits, or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.
- Impairment Loss** : The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- Improvements** : Buildings, structures, or some modifications to land, of a permanent nature, involving expenditures of labour and capital, and intended to enhance the value or utility of the property.  
Improvements have differing patterns of use and economic lives.

See also Land, Value of Improvements.

**Income Capitalisation Approach** : A comparative approach to value that considers income and expense data relating to the property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalisation rate or all risks yield is applied to a single year's income), yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both. The income approach reflects the principles of substitution and anticipation.

**Income Multiplier or Year's Purchase**: The ratio between the sale price or value of a property and the average annual income or income expectancy; may be based on gross or net income. It is applied to income to arrive at capital value.

See also Capitalisation Factor, Investment Method, Valuation Ratio.

**Independent Valuer** : A Valuer who meets the specific requirements of independence, which may attach to many assignments, and are applied by regulation or by law with some clients and in certain States.

See also External Valuer.

**Infrastructure Assets** : Assets that usually display some or all of the following general characteristics:

a) they are part of a system or network;

- b) they are specialised in nature and do not have alternative uses;
- c) they are immovable; and
- d) they may be subject to constraints at time of disposal.

The above definition is consistent with the definition of infrastructure assets.

**Intangible Assets :** Assets that manifest themselves by their economic properties; they do not have physical substance; they grant rights and privileges to their owner, and usually generate income for their owner. Intangible Assets can be categorised as arising form: Rights; Relationships; Grouped Intangible; or Intellectual Property.

In general, the accounting profession limits the recognition of individual intangible assets to those that are: commonly recognisable; have a statutory or contractual remaining life; and/or must be individually transferable and separable from the business.

An identifiable non-monetary asset without physical substance.

**Intangible Property :** The rights and privileges granted to the owner of intangible assets.

**Integrated Unit :** An agricultural entity that has common ownership of all or part of the processes involving the production and marketing of its products and/or commodities.

**Internal Rate of Return (IRR) :** The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present

value (NPV) equals zero. The IRR reflects both the return on the invested capital and the return of the original investment, which are basic consideration of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value.

Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV).

**Internal Valuer** : A Valuer who is in the employ of either the entity that owns the assets or the accounting firm responsible for preparing the entity's financial records and/or reports. An Internal Valuer is generally capable of meeting all the requirements of independence and professional objectivity required under the Code of Conduct, but for reasons of public presentation and regulation may not always be acceptable to fill the role of Independent Valuer in certain types of assignments.  
See also External Valuer.

**Intrinsic Value** : The amount considered, on the basis of an evaluation of available facts, to be the "true" or "real" worth of an item. A long-term, Non-Market Value concept that smoothes short-term price fluctuations.

**Invested Capital** : The sum of the debt and equity in a business on a long-term basis.

**Invested Cash Flow** : See Cash Flow.

**Investment Analysis** : A study undertaken for the purposes of development and investment, the evaluation of investment performance, or the analysis of a transaction involving investment properties. Investment analyses are variously called (economic) feasibility studies, market or marketability analyses, or financial projection studies.

**Investment Asset:** An asset owned by a corporation and considered extraneous to the operational requirements of the corporate owner.

Land and/or buildings held to earn a present or future rental income and/or for the preservation or gain of capital value or both. It is not held for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

See also Operational Asset.

**Investment Method** : A valuation procedure that capitalises expected future income or utility as a basis for estimating the Market Value of the subject asset.

The underlying assumption is that the investor will pay no more for the subject asset than would have to be paid for another asset with an income stream of comparable amount, duration, and certainty.

See also Income Capitalisation Approach.

**Investment Property** : i) Property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- a) use in the production or supply of goods or services or for administrative purposes, or
  - b) sale in the ordinary course of operations.
- ii) In real estate, property owned for the purpose of leasing to a third party, for possible future occupation by the owner, or for future development to earn rental income or profit on resale.

**Investment Value or Worth** : The value of property to a particular investor, or a class of investors, for identified investment or operational objectives. This subjective concept relates specific property to a specific investor, group of investors, or entity 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 in investment value, or worth, should not be confused with the Market Value of an investment property.

**Irrigated Land** : Lands used to produce crops or forage for livestock and which require the application of water other than that from natural rainfall, are called irrigated crop(ping) farms or irrigated grazing land. Properties that lack a water source other than natural rainfall are referred to as dry land agricultural properties.

**Joint Venture** : A combination of two or more entities that join to undertake a specific project; differs from a partnership in that it is limited in duration and is project-specific.

A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

**Land** : Valuation of land as if vacant, and of land improvements to or on the land, is an economic concept. Whether vacant or improved, land is also referred to as real estate.

The earth's surface, the space beneath which extends to the centre of the earth, and the space above which extends to the sky.

The ownership of land and the rights attached to the ownership are subject to the laws of a particular State.

See also Improvements, Property, Real Estate, Real Property.

**Lease** : i) A contract arrangement in which rights of use and possession are conveyed from a property's title owner (called the landlord, or lessor) in return for a promise by another (called a tenant or lessee) to pay rents as prescribed by the lease. In practice the rights and the duties of the parties can be complex, and are dependent upon the specified terms of their contract.

ii) An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

**Lease Interest** : Also known as Lessee Interest, Tenant's Interest, or Leasehold Estate. The ownership interest that is created by the terms of a lease rather than the underlying rights of real estate ownership. The lease interest is subject to the terms of a specific lease arrangement, expires within a specified time, and may be capable of subdivision, or subleasing to other parties.

**Leased Fee Estate** : The ownership interest that the landlord or lessor maintains in a property under a lease with the right of use and occupancy being conveyed or granted to a tenant or lessee.

The ownership interest in a leased property.

Compare Leashold Estate.

**Leasehold Estate** : The interest which a tenant or lessee acquires under a lease including rights of use and occupancy for a stated term under certain conditions (e.g., the payment of a premium and/or rent).

Leaseholds may be of various duration such as 25 years, 60 years and 99 years etc.

**Leasehold Improvements or Tenant's Improvements** : Fixed improvements or additions to land or buildings, installed by and paid for by the tenant to meet the tenant's needs; typically removable by the tenant upon expiration of the lease; removal causes no material damage to the real estate.

See also Personal Property, Trade Fixtures or Tenant's Fixtures.

**Leasehold Interest** : See Lease Interest.

**Legal Estates** : Rights or interest in real property derive from legal estate; legal estates are defined by the laws of the State in which they exist, and are usually subject to outside limitations imposed by the State, e.g., taxation, compulsory acquisition, regulation, or appropriation in cases of intestacy.

- Legal Life** : The life of the intangible asset allowed by law (i.e., the period of legal or contractual protection of the intangible asset).
- Lessee** : A person to whom property is rented under a lease. The lessee is commonly called a tenant.
- Lessee Interest** : See Lease Interest.
- Lessor** : One who owns the rights to use an asset, which is transferred to another (lessee) under a lease agreement. The lessor is usually referred to as the landlord.
- Lessor Interest** : The interest held by the lessor in any of the circumstances set out in (in the provisions of) a Freehold subject to Lease Interest/s, a Headlease or Master Lease, or a Headleasehold Interest.
- Limiting Conditions** : Constraints which are imposed on valuations by clients, the Valuer, or local statutory law.
- Liquidation Value:** The value of assets estimated with regard to specific circumstances under which the assets are sold. Liquidation value describes a situation where a group of assets employed together in a business are offered for sale separately, usually following a closure of the business. Although associated with forced sale, these terms have distinct meanings. There is no reason why assets cannot be liquidated by an orderly sale following proper marketing.

**Listing of (Heritage) Buildings or Historic Properties Register** : A recording of officially designated historic properties. Not all historic properties are necessarily listed in registers. Many historic properties publicly recognised as having cultural and historic importance also qualify as historic properties.

**Livestock Ranches/ Stations** : Agricultural properties used to raise and feed animals such as cattle, sheep, pigs, goats, horses, or combinations thereof. The actual use of these properties can take many forms. The animals may be bred, raised, and sold within the operation of the property. Young animals may be acquired from outside the property and then raised within the property. The animals may be raised for consumption or for breeding stock. Feed for the animals may be produced on the property, imported, or supplied by both sources. Properties used for the production and feeding of livestock have significant capital investment in the structural improvements (pens, livestock shelters, sheds, division fencing and the livestock, which may or may not be depreciable depending on the laws and regulations of the local jurisdiction.

**Loan Security** : An asset which is legally nominated to be available to a lender for realisation and recovery of money owed following default by the borrower.

**Machinery** : See Plant and Equipment.

**Majority Control:** The degree of control provided by a majority position.

**Majority Interest:** Ownership position greater than 50% of the voting interest in a business.

- Market Rent** : The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate terms in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Whenever Market Rent is provided, the "appropriate lease terms" which it reflects should also be stated.
- Market Value** : The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's - length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.
- See also Highest and Best Use.
- Marketability Discount** : An amount or percentage deducted from an equity interest to reflect lack of marketability.
- Marriage Value** : See Synergistic Value.
- Mass Appraisal** : The practice of appraising multiple properties as of a given date by a systematic and uniform application of appraisal methods and techniques that allow for statistical review and analysis of results.
- Master Lease** : See Headlease.
- Mineral** : Any naturally occurring material useful to, and/or having a value placed on it by humankind, and found in or on the earth's crust. Minerals include metallic minerals, industrial minerals, aggregates, precious stones and fuel minerals, but Minerals do not include Petroleum, which is defined separately.

**Mineral Reserve :** The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments that may include Feasibility Studies, have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is justified. Mineral Reserves are subdivided in order of increasing confidence into Probable Mineral Reserves and Proved Mineral reserves”.

**Mineral Resource :** A concentration or occurrence of material of intrinsic economic interest in or on the earth’s crust (a deposit) in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quality, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. Portions of a deposit that do not have reasonable prospects for eventual economic extraction must not be included in a Mineral Resource.

**Minerals Industry:** Entities involved in the exploration for Minerals, and the mining, processing and marketing of Minerals is not designed to cover assets downstream from the metals refineries or minerals processing plants, such as assets involved in the distribution of refined metals to metal fabrications, or mineral products to retailers or the final market.

- Minority Discount** : A discount for lack of control applicable to a minority interest.
- Minority Interest** : Ownership position of less than 50% of the voting interest in a business.
- That portion of the profit and loss and net assets of a subsidiary attribute to equity interest that are not owned, directly or indirectly through subsidiaries, by the parent.
- Modern Equivalent (MEA)** : An asset which has a similar function and equivalent Asset productive capacity to the asset being valued, but of a current design and constructed or made using current materials and techniques.
- Mortgage** : A pledge of an interest in property as security or collateral for repayment of a loan with provision for redemption on repayment. In the event the borrower (mortgagor) defaults, the lender (mortgagee) has the power to recover the property pledged.
- Mortgage Lending Value (MLV)** : The value of the property as determined by a prudent assessment of the future marketability of the property 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 shall not be taken into account in the assesement of mortgage lending value. The mortgage lending value shall be documented in a transparent and clear manner.
- Net Present Value (NPV)** : The measure of the difference between the discounted revenues, or inflows, and the costs, of outflows, in a discounted cash flow analysis.

**Net Realisable Value** : The estimated selling price of an asset in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realisable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. Fair value reflects the amount for which the same inventory could be exchanged between knowledgeable and willing buyers and sellers in the marketplace. The former is an entity-specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.

**Non-Cash-Generating Assets** : Assets other than cash-generating assets.

**Non-Current Assets** : Tangible and intangible assets, which fall into two broad categories, namely property, plant and equipment, and other non-current assets.

Also called fixed, or long-term assets.

**Obsolescence** : A loss in value due to decrease in the usefulness of property caused by decay, changes in technology, people's behavioural patterns and tastes, or environmental changes. Obsolescence is sometimes classified according to items of outmoded design and functionality, items with structural design unable to meet current code requirements, and factors arising outside the asset, such as changes in user demand.

**Operating Company** : A business that performs an economic activity by making, selling, or trading a product or service.

- Operating Lease:** A lease other than a finance lease.  
See also Finance Lease
- Operational Asset** : An asset considered requisite to the operations of a going concern or corporation.  
See also Investment Asset.
- Optimisation** : The process by which a least cost replacement option is determined for the remaining service potential of an asset. It is a process of adjusting the replacement cost to reflect that an asset may be technically obsolete or over-engineered, or the asset may have a greater capacity than that required. Hence optimisation minimises, rather than maximises, a resulting valuation where alternative lower cost replacement options are available.
- Option** : An agreement to keep open an offer to buy, sell, or lease real property for a specified period at a stated price. An option creates a contractual right, the exercise of which is generally contingent upon the fulfillment of specified conditions.
- Oral Report** : The results of a valuation, verbally communicated to a client or presented before a court either as expert testimony or by means of deposition. A report communicated orally to a client should be supported by a work file and at a minimum followed up by a written summary of the valuation.  
See also Written report.
- Owner-Occupied: Property** : Property held (by the owner or by the lessee, under a finance lease) for use in the production or supply of Goods or Services or for administrative purposes.

**Partial or Fraction Interest** : Rights in real property created by legal divisions of the ownership interest. For example, real property is not only owned in sole proprietorships, but may also be held by corporations (shareholders), partnerships, joint tenancies, and tenancies in common.

**Participation Rent** : See Turnover Rent.

**Partnership** : An ownership interest in which two or more persons jointly own a business or property and share its profits and losses. Partnerships may be general or limited.

**Passing Rent** : See Contract Rent.

**Percentage Rent:** See Turnover Rent.

**Perennial Plantings** : Crops grown from plantings that have a life extending beyond one year or one crop cycle. Examples are vineyard and orchards. These types of properties can have significant capital investment in the plantings, which represent a depreciable asset. Also see forestry/timberland.

**Personl Goodwill:** The value of profit generated over and above market expectations, which would be extinguished upon sale of the trade related property, together with those financial factors related specifically to the current operator of the business, such as taxation, depreciation policy, borrowing costs and the capital invested in the business.

See also Goodwill, Transferable Goodwill.

**Personal Property** : A legal concept referring to all rights, interests, and benefits related to ownership of items other than real estate. In certain States, items of personal property are legally designated as personality in distinction to realty, which may either refer to real property or real estate. Items of personal property can be tangible, such as a chattel, or intangible, such as a debt or patent. Items of tangible personal property typically are not permanently affixed to real estate and are generally characterised by their moveability.

Personal property includes interests in tangible and intangible items, which are not real estate.

**Personality** : A legal term used in certain States to designate items of personal property in distinction to realty, which may either refer to real property or real estate. Personality includes tangible and intangible items, which are not real estate.

**Petroleum** : Any naturally occurring hydrocarbon, whether in a gaseous, liquid or solid state. Raw Petroleum products are primarily crude oil and natural gas.

**Petroleum Industry** : Entities involved in exploration for Petroleum, and the extraction, processing and marketing of crude Petroleum and associated gases.

Assets downstream from the petroleum refineries and natural gas processing plants, such as assets involved in the distribution of refined petroleum products to retailers.

**Petroleum Reserves** : As defined by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC): “those quantities of Petroleum, which are anticipated to be commercially recovered from known accumulations from a given date forward. All (Petroleum) Reserve estimates involve some degree of uncertainty.

The uncertainty depends chiefly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either Proved or Unproved.

Unproved Reserves are less certain to be recovered than proved Reserves and may be further sub-classified as Probable and Possible Reserves to denote progressively increasing uncertainty in their recoverability. Proved Reserves can be categorised as Developed or Undeveloped.”

**Petroleum Resources** : Petroleum resources comprise only Petroleum Reserves and Contingent Resources. Contingent Resources, as defined by the Society of Petroleum Engineers (SPE)/ World Petroleum Congress (WPC), in conjunction with the American Association of Petroleum Geologists (AAPG), are “those quantities of petroleum, which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable.”

**Plant** : See Plant and Equipment.

**Plant and Equipment**

- : Tangible assets, other than realty, that:
  - a) are held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
  - b) are expected to be used over a period of time.

The categories of plant and equipment are:

Plant. Assets that are inextricably combined with others and that may include specialised buildings, machinery, and equipment.

Machinery. Individual machines or a collection of machines. A machine is an apparatus used for a specific process in connection with the operation of the entity.

Equipment. Other assets that are used to assist the operation of the enterprise or entity.

Tangible items that:

- a) are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes; and
- b) are expected to be used during more than one (accounting) period.

See also Personal Property.

**Plant and Machinery**

- : See Plant and Equipment.

**Portfolio**

- : An assemblage of the various properties held or managed by a single entity.

**Prefeasibility Study in the Industries** : A study of a Mineral or Petroleum deposit, in which all geological, engineering, operating, economic, Extractive environmental and other relevant factors, are considered in sufficient detail to serve as the reasonable basis for a decision to proceed as a Feasibility Study.

See also Feasibility Study in the Extractive Industries.

**Present Value** : See Net Present Value.

**Preservation Incentives** : Incentives to the owners of historic properties, primarily fiscal in nature, to promote the restoration and maintenance of such properties. Examples may include exemption on inheritance taxes for conservation properties gifted to heritage trusts, government subsidies, exemptions in municipal rates/taxes, investment tax credits to owners of historic properties, transferable development rights and deductions taken on conservation easements donated to nonprofit organization.

**Price** : An amount asked, offered, or paid for a goods or service.

The concept of price relates to the exchange of a commodity, goods or service. Price is the amount asked, offered, or paid for the item. Once the exchange has been transacted, the price, whether disclosed or undisclosed, becomes an historic fact. The price paid represents the intersection of supply and demand.

See also Cost, Value.

**Principle of Substitution** : A prudent person will not pay more for a product or service than the cost of acquiring an equally satisfactory substitute product or service, in the absence of the complicating

factors of time, greater risk, or inconvenience. The lowest cost of the best alternative, whether a substitute or the original, tends to establish Market Value.

This principle is fundamental to the three approaches to Market Value.

**Private Treaty Sale** : A sale negotiated and transacted between persons rather than by public auction or another method. The sale price paid in a private treaty sale is generally not known except by the parties to the transaction.

See also Auction Price, Hammer Price.

**Professional Property Valuer** : A person who possesses necessary qualification, ability, and experience to estimate property value for a diversity of purposes including transactions involving transfers of property ownership, property considered as collateral to secure loans and mortgages, property subject to litigation or pending settlement on taxes, and property treated as fixed assets in financial reporting. A professional Property Valuer may also possess the specific expertise to perform valuations of other categories of property, i.e. personal property, businesses, and financial interests.

See also External Valuer, Independent Valuer, Internal Valuer, Valuer.

**Property** : A legal concept, encompassing all the interests, rights and benefits related to ownership. Property consists of the private rights of ownership, which entitle the owner to a specific interest or interests in what is owned. To distinguish between real estate, a physical entity, and its

ownership of real estate is called ***real property***. Ownership of an interest in an item other than real estate is referred to as ***personal property***.

The International Valuation Standards Committee recognises the following four property types: ***real property***, personal property, ***businesses***, and ***financial interests***.

See also Personal Property, Real Property.

**Property Company** : A holding company in real property.

**Property, Plant and Property Valuer** : i) Assets intended for use on a continuing basis in the activities of an entity including land and building; plant and equipment; and other categories of assets, suitably identified; less accumulated depreciation. Property, plant, and equipment are tangible, or physical, assets.

ii) Tangible items : a) that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and b) are expected to be used during more than one period.

**Property Rights** : The rights that are related to the ownership of the real estate. These include the right to develop or not to develop the land, to lease it to others, to sell it, to give it away, to farm it, to mine it, to alter its topography, to subdivide it, to assemble it, to use it for waste disposal, or to choose to exercise none of these rights. The combination of property rights is sometimes referred to as the bundle of rights. *Property rights are typically subject to public and*

*private restriction such as easement, right of way, specified development density, zoning, and other restrictions that may encumber the property.*

**Property with Trading Potential** : See Trade Related Property.

**Public Building** : A building that serves some community or social function and is held in public ownership. Examples include courthouses, municipal centres, schools, prisons, police stations, military facilities, libraries, hospitals, clinics, and social or public housing.

**Public Sector Asset** : A property, owned and/or controlled by governmental or quasi-governmental entity, for the provision of some public service or goods. Public sector assets comprise different asset types, including conventional assets as well as heritage and conservation assets, infrastructure assets, public utility plants, recreational assets, and public buildings (e.g., military facilities), each category of which constitutes property, plant and equipment within the meanings of IPSASs and IFRSs.

Public sector assets typically include:

- a) assets, which have atypical tenure, are irreplaceable, are non-cash-generating, or provide goods or services in the absence of any market competition;
- b) land with restriction on its sale or leasing; and
- c) land, which is designated for a specialised use that is not necessarily its highest and best use.

See also Heritage Asset, Infrastructure Assets, Public Building, Public Utility, and Recreational Assets.

**Public Utility** : A property that produces,

- a) a service or goods for general public consumption; and
- b) is usually a monopoly or quasi-monopoly provide subject to some form of governmental control.

**Publicly Designated Historic Properties** : Those properties, the historic status of which is officially recognised by government - chartered bodies to identify historic properties and to promote historic preservation. Such bodies may be established by national/federal, state/provincial, or county/municipal governments. Local non-governmental historical societies may also designate historic properties and maintain private historic property lists or registers that confer many of the same benefits whilst remaining exempt from governmental restrictions.

See also Listing of (Heritage) Buildings or Historic Registers.

**Rate of Return** : An amount of income (loss) and/or change in value realised or anticipated on an investment, expressed as a percentage of that investment.

**Real Estate** : Land and all things that are a natural part of the land, e.g., trees and minerals, as well as things that are attached to the land by people, e.g., buildings and site improvements.

All permanent building, attachments such as plumbing, heating and cooling systems; electric wiring; and built-in items like elevators, or lifts, are also a part of real estate. Real estate includes all attachments, both below and above the ground.

See also Improvements, Land, Real Property.

**Real Property** : All the rights, interests, and benefits related to the ownership of real estate. Real property is a legal concept distinct from real estate, which is a physical asset. There may also be potential limitations upon ownership rights to real property.

See also Property, Real Estate.

**Realty** : A term used to distinguish either real property or real estate from items of personal property, which in certain states are legally referred to as personalty:

See also Personalty.

**Reasonably Efficient Operator, or Average Competent Management** : A market-based concept whereby a potential purchaser, and thus the Valuer, estimates the maintainable level of trade and future profitability than can be achieved by a competent operator of a business conducted on the premises, acting in an efficient manner. The concept involves the trading potential rather than the actual level of trade under the existing ownership, so that it excludes personal goodwill.

**Recognition** : The process of incorporating in the balance sheet or income statement as item that meets the definition of an element and satisfies the following criteria for recognition:

- a) it is probable that any future economic benefit associated with the item will flow to or from the entity; and
- b) the item has a cost or value that can be measured with reliability.

**Recoverable Amount** : The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

**Recoverable Costs** : See Expense Pass-throughs.

**Recoverable Service Amount** : The higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

**Recreational Assets** : Properties held in public ownership that are:-

- a) managed by or on behalf of national, municipal or local government authorities; and
- b) provide for recreational use by the general public.

Examples include parks; playgrounds; green belts; walks and trails; swimming pools; playing courts, fields and courses; and other properties equipped with recreational and athletic facilities.

**Rent(al)** : See Contract Rent, Market Rent, Turnover Rent.

**Rent Escalations : Stepped Rents** : Upward rental adjustments based on some external or change or indexing, and specified in a lease clause.

**Replacement (New)** : A replacement cost estimate envisions constructing a Cost structure of comparable utility, employing the design and materials that are currently used in the market.

The current cost of a similar new item having the nearest equivalent utility as the item being appraised.

The cost of replacing an asset with an equally satisfactory substitute asset; normally derived from the current acquisition cost of a similar asset, new or used, or of an equivalent productive capacity or service potential. Replacement cost assumes the use of modern materials, techniques and designs.

See also Modern Equivalent Asset, Reproduction Cost.

**Report Date** : The date of the valuation report. May be the same or different from the valuation date.

**Reproduction Cost (New)** : The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

The current cost of an identical new item.

In the market for fine art, reproduction cost is equivalent to the cost of creating a facsimile of the original item.

See also Cost Approach for Valuing Fine Art, Replacement Cost.

**Residual Value** : The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the

estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The net amount which the entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

The remaining value of an asset at the end of a prescribed period of time (in this definition residual value is similar to scrap value).

**Revaluation Model** : After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

See also Cost Model.

**Revalued Amount** : The fair value of an asset at the date of a revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The value of property, plant and equipment as established by appraisal or valuation normally undertaken by professionally qualified Valuers.

**Reversion Yield** : See Terminal Capitalisation Rate.

**Rights of Way** : Rights or privileges, acquired through use or contract, for passage through a portion or strip of landed property owned by another.

**Royalty or “Royalty Interest” in the Extractive Industries** : The landowner’s or lessor’s share of production, in money or product, free of charge for expenses of production. An “Overriding Royalty” is a share of mineral or petroleum produced, free of the expense of production, paid to someone other than the lessor, over and above any lessor’s Royalty.

**Sale and Extractive Industries** : A simultaneous sale of real estate and lease of the same property to the seller. The buyer becomes the lessor, or landlord, and the seller becomes the lessee, or tenant. Because there may be unique circumstances or relationship between the parties, sale and leaseback transactions may or may not involve typical market terms.

**Sales Comparison Extractive Industries** : A comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the open market. Listing and offerings may also be considered.

A general way of estimating a value indication for personal property or an ownership interest in personal property, using one or more methods that compare the subject to similar properties or to ownership interests in similar properties. This approach to the valuation of personal property is dependent upon the Valuer’s knowledge of market and experience as well as recorded data on comparable items.

**Salvage Value** : The value of an assets estimated with regard to the specific circumstances under which the asset is sold. Salvage value describes the value of an asset that has reached the end of its economic life for the purpose it was made. The asset may still have value for an alternative use or for recycling.

**Sandwich Lessor Interest** : See Head leasehold Interest.

**Securities Investment Instruments** : Instruments securing both debt and equity positions, representing an alternative to the direct ownership of property. Investors are able to own and trade shares of an interest in a property or pool of properties in the same way they would buy and sell shares of corporate stock. The market for such securities includes both a private, or institutional, sector and a public sector, examples include real estate investment trusts (REITs), collateralised mortgage obligations (CMOs), commercial mortgage-backed securities (CMBSs), real estate operating companies (REOCs) and seperate and commingled funds.

**Service Potential:** The capacity of an asset to continue to provide goods and services in accordance with the entity’s objectives.

In the public sector, the concept of service potential takes the place of the test of adequate profitablity applied in the private sector.

**Special Purchaser** : A purchaser to whom a particular asset has Special Value because of advantages arising from its ownership that would not be available to general purchasers in the market.

See also Special Value.

**Special Unusual or Extraordinary Assumptions** : Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. 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.

See also Assumptions.

**Specialised Livestock Facilities** : See Dairy Farms, Livestock Ranches/Stations.

**Specialised, or Special Purpose, Agricultural Properties** : Agricultural properties that do not typically produce a crop but are used for the handling, processing, or storage of crops following harvest. These properties frequently have a small land base that is extensively developed with structural improvements (grain elevators) and equipment (lifting machinery). Properties may also be classified as special purpose by the nature of the commodity produced. Examples are truck farms, poultry farms, farms that produce certified crop seeds or fresh cut flowers, and racehorse breeding or training stables.

**Specialised Property** : A property that is rarely if ever sold in the market, except by way of a sale of the business or entity of which it is part, due to uniqueness, arising from its specialised nature and design, its configuration, size, location, or otherwise.

Examples of specialised properties include refineries, power stations, docks, specialised manufacturing facilities, public facilities, churches, museums and properties located in particular geographical locations for operational or business reasons.

**Specialised Trading Property (STP)** : See Trade Related Property.

**Special Value** : An amount above Market Value that reflects particular attributes of an asset that are only of a value to a Special Purchaser.

See also Synergistic Value.

**Specifications for the Valuation Assignment** : The first step in the Valuation Process, which established the context and scope/extent of the assignment and resolves any ambiguity involving the valuation issue or problem. A Valuer ensures 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:-

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;

2. An identification of the property rights (sole proprietorship, partnership, or partial interest) to be valued;
3. The intended use of the valuation reports any related limitation; and the identification of any subcontractors or agents and their contribution;
4. A definition of the basis and/or type of value sought; to be determined.
5. The date as of which the value estimate applies and the date of the intended report;
6. An identification of the scope/extent of the valuation and of the report; and
7. An identification of any contingent and limiting conditions upon which the valuation is based.

**Stepped up Rents** : See Rent Escalations.

**Subleasehold** : A leasehold position created when a tenant or lessee in a prior lease conveys to a third party, a sublessee, the interest that the tenant, or lessee, enjoys.

See also Headlease or Master Lease, Headleasehold Interest.

**Subsequent Costs** : Under the recognition principle, an entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met.

- Substitution** : See Principle of Substitution.
- Summation Approach** : See Cost Approach.
- Syndication** : Legal entity related to a partnership; often organised by a general partner with investors as limited partners, whereby funds are pooled for the acquisition and development of real estate projects or business ventures.
- Synergistic Value** : An additional element of value created by the combination of two or more interests where the value of the combined interests is worth more than the sum of the original interests.
- Also called Marriage Value.
- Tangible Assets** : Assets with a physical manifestation.
- Examples include land and buildings, plant and machinery, fixtures and fitting, tools and equipment, and assets in the course of construction and development.
- Technical Assessment in the Extractive Industries** : A technical document, prepared by (a) Technical Expert(s) that supports the Extractive Industry Valuation and is appended to, or forms part of, a Valuation Report.
- Technical Expert in the Extractive Industries** : A person, who is responsible for all or part of the Technical Assessment that supports an Extractive Industry Valuation. A Technical expert must have appropriate experience relevant to the subject matter, and in States where required by statute or regulation, must be a member or license-holder in good standing of the professional organisation

that has the authority to sanction the members or licensees. An accredited specialist may not take responsibility for all or part of a Technical Assessment without also being a Technical Expert.

**Technical Obsolescence** : Term used by PP&E Valuers for Functional Obsolescence.

**Technical Review** : A valuation review performed by a Valuer to form an opinion as to whether the analyses, opinions, and conclusions in the report under review are appropriate, reasonable, and supportable.

**Tenant's Interest** : See Lease Interest.

**Terminal Capitalisation Rate or Reversion Yield** : The capitalisation rate used to convert income into an indication of the anticipated value of the property at end of the holding period or property resale value.

**Timberland** : See Forestry/Timberland.

**Toxic** : The status of a material, whether gas, liquid, or solid, that in its form, quantity, and location at the date of valuation has capacity to cause harm to life-forms. Toxicity refers to the degree or extent of such capacity.

**Trade Fixtures Reversion** : Non-realty fixtures attached to property by the tenant and used in conducting the trade or business.

**Tenant's Fixtures**

See also Leasehold Improvements or Tenant's Improvements, Personal Property.

**Trade Related Property** : Certain classes of real property, which are designed for a specific types of business and that are normally bought and sold in the market, having regard to their trading potential.

**Trading Potential** : Future profits to be derived from the sale of goods and products e.g., fuel, food and drink, or the provision of specialised facilities for lodging, parking, gaming, or entertainment. Trading potential is associated with a category of properties (fuel stations, restaurants, hotels, casinos, cinemas and theatres), the market value of which includes not only land, buildings, and personal property but also intangibles, such as goodwill, and the business itself.

**Transferable Goodwill** : That intangible asset that arises as a result of property-specific name and reputation, customer patronage, location, products and similar factors, which generate economic benefits. It is inherent to the trade related property, and will transfer to a new owner on sale.

See also Goodwill, Personal Goodwill.

**Turnover Rent or Participation Rent** : Any form of lease rental arrangement in which the lessor receives a form of rental that is based upon the earnings of the lessee. Percentage rent is an example of a turnover rent.

**Unit(s) of Comparison** : Typically a factor produced by two components, which reflects precise differences between properties and facilitates analysis in the three approaches to value, e.g., price per square meter or square foot, or the ratio of a property's sale price to its net income (Net Income Multiplier/ Year's Purchase).

**Useful Life  
(of Property,  
Plant and  
Equipment)**

- : Either
- a) the period over which an asset is expected to be available for use by an entity; or
  - b) the number of production or similar units expected to be obtained from the asset by an entity.

In regard to leases, useful life is defined as:

The estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the asset are expected to be consumed by the entity.

**Utility**

- : A relative or comparative term rather than an absolute condition, that refers to the degree of usefulness of a property.

The utility of agricultural land is measured by its productive capacity. If the land has development potential, its productivity is measured by how well it will support a residential, commercial, industrial or mixed use.

Optimum utility is achieved for some property if operated on an individual basis. Other property has greater utility if operated as part of a group of properties, or held and managed within an aggregate or portfolio of properties.

Utility is generally measured from a long-term perspective, ordinarily over the useful life of a property or group of properties. When a property may not have a readily discernible degree of utility at the date of valuation, full

disclosure of the value definition, supporting data, and extent of special assumptions or limiting conditions is required.

**Vacant Possession** : In real estate this refers to a right to possession of land or built-up property in respect of which there is no current occupant.

**Valuation** : The process of estimating value.

**Valuation Approach** : In general, a way of estimating value that employs one or more specific valuation methods. Depending on the nature and purpose of the property, three valuation approaches may be applied. These are the sales comparison, income capitalisation, and cost approaches. Their application will enable the Valuer to determine Market Value or a value other than Market Value.

See Asset-Based Approach, Cost Approach, Income Capitalisation Approach, Principle of Substitution, Sales Comparison Approach.

**Valuation Assignment** : See Specifications for the Valuation Assignment.

**Valuation Brief** : See Specifications for the Valuation Assignment.

**Valuation Date** : The date as of which the Valuer's opinion of value applies.

**Valuation Method** : Within valuation approaches, a specific way to estimate a value.

**Valuation Procedure** : The act, manner, and technique of performing the steps of a valuation method.

**Valuation Ratio :** A factor wherein a value or price serves as the numerator and financial, operating, or physical data serve as the denominator.

See also Capitalisation Factor, Income Multiplier.

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

**Valuation Review:** A valuation assignment that covers a range of types and purposes. The principal characteristic all valuation reviews have in common is that one Valuer exercises impartial judgement in considering the work of another Valuer. A valuation review may support the same value conclusion in the valuation under review or it may result in disagreement with that value conclusion. Valuation review provide a credibility check on the valuation as well as a check on the strength of the work of the Valuer who developed it, as regards the Valuer's knowledge, experience, and independence.

Valuation organisations around the world distinguish between various types of reviews, e.g., administrative (compliance) reviews, technical reviews, desk reviews, field reviews, reviews to ensure that a valuation has been

carried out in accordance with professional standards (where the bases of valuation used in the valuation under review are accepted), reviews that muster general market information to support or contest the value conclusion, and reviews that examine the specific data in the valuation under review with comparable data from a sample group.

**Valuation Standards** : The Indian Valuation Standards (Invs) or, unless otherwise specified.

**Value** : The price most likely to be concluded by the buyers and sellers of goods or services that are available for purchase. Value establishes the hypothetical or notional price that buyers and sellers are most likely to conclude for the goods or service. Thus, value is not a fact, but an estimate of the likely price to be paid for a good or service available for purchase at a given time.

See also Cost, Price.

**Value in Exchange** : i) The value as recognised by a market in which exchange of asset ownership hypothetically, or notionally, takes place. The In VS definition of Market Value appropriate for financial reporting is based upon the principle of value in exchange, not value in use.

ii) The value, in terms of cash of a property which is bartered for another asset or assets. Cash being a yardstick by which the comparative value of each can be assessed.

**Value in Use** : i) The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

ii) The present value of the future cash flows expected to be derived from an asset or cash generating unit.

It should be noted that the above definitions, which apply to financial reporting, consider the value of an asset at the end of its useful life. This meaning differs from the way the term is commonly used in valuation practise.

**Value in Use of Cash-Generating Asset** : The present value of the asset's remaining service a Non-potential.

**Value of Improvement** : The value added to the land by improvements such as levelling buildings, structures or modifications to the land, of a permanent nature, involving expenditures of labour and capital, and intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

See also Improvements.

**Valuer** : One who possesses the necessary qualifications, ability, and experience to execute a valuation. In some States, licensing is required before one can act as a Valuer.

See also Professional Property Valuer.

**Wasting Asset** : An asset which in real terms will generally depreciate in value over time.

Examples include leaseholds and extractive interests.

**Working Capital** : The amount by which current assets exceed current liabilities.

**Worth** : See Investment Value.

**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 narrative documents, including periodic updates of value, forms used by governmental and other agencies, or letters to clients.

See also Oral Report.

## **| PREFACE |**

1. Practising Valuers Association (India) is once again coming forward by introducing the Indian Valuation Standards after a prolonged deliberations by an active participation of fifty one leading valuation practitioners situated in various cities of India.
2. We all are of the opinion that, technically our findings are invariably on a sound footing also, for a long it was felt necessary that, we should follow the uniform standards of professional practice, which was introduced in the year 1998 and it is noted with great pleasure that, all our members are very comfortable with the uniform standards.
3. For further advancement to the acceptability of our findings and reports, a group was set up to study the International Valuation Standards in the year 2003. Few of our members started following the standards simultaneously, while they were studying the standards and have realised that, we can also follow these standards in our

country. So, a large group was activated to participate in these deliberations and introduction of these standards with a necessary modifications, so that, our findings should have a common base and the deviations are not far and wide, reporting pattern should be comparable with that of a international valuation standards.

4. All the group participants were unanimous on one point i.e. every one should be a professionally qualified person (i.e. an Engineer OR an Architect OR a Chartered Accountant basically) and then he should learn and practice the application of specialised knowledge to arrive at an estimated value for a specific purpose.
5. Valuation is a time frame related and purpose oriented exercise and therefore it is absolutely mandatory for one and all who are in field of practicing valuation, to keep himself abreast of the latest developments of economic reforms, technology, various taxations and restrictive provisions incorporated by the legislation.
6. To meet with this requirements, leading practitioners are actively practicing and guiding the delegates in their Residential Continuing Education Programme every year. Coinciding with the Continuing Education Programme in the year 2007 at Goa, limited editions of the Indian Valuation Standards were introduced and circulated.
7. During the past ten months, it was felt necessary that, it should be redrafted to suit the convenience of Practitioners in the context of developing Indian Economics and various legislations which are influencing and affecting their findings.
8. These standards would also be playing a very important role of governing the fraternity of valuers.

9. Today, we are very happy to come out with First Revised Indian Valuation Standards which are compatible with the International Valuation Standards.
10. Along with these standards, we have included common words and phrases under the title “Glossary”. The words included in the Glossary are also commonly used by the International Community of Valuers. Every word has a specific meaning attributed with reference to its context and so, we are confident that, the fraternity of Valuers shall prepare a document of Valuation Report which will stand the test of time when contested and cannot be misinterpreted or mislead the end users.
11. We hope, these standards and the glossary would be definitely beneficial to the end users of the services of the valuers and would simultaneously make valuers more accountable to the end users because these standards also encompasses the code of conduct and ethics and disclosures of assumptions and other limiting conditions.
12. We are open to any suggestions OR improvement / modifications to these standards, as long as any other the constructive criticism.
13. It is a proud privilege of the Practising Valuers Association (India) to launch these standards and approach the various authorities to accept them for implementation.
14. We hope, we would be successful in this attempt.

**S.V. Joglekar**  
**Founder President**  
**(PVAI)**

# **The Indian Valuation Standards**

(2008 – First Revised Edition)

**Practising Valuers Association (India)  
Logo**

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# | CONTENTS |

1.	Preface .....	1
2.	Introduction .....	5
3.	Indian Valuation Standard 1 .....	31
4.	Indian Valuation Standard 2 .....	43
5.	Indian Valuation Standard 3 .....	51
6.	Glossary .....	61
7.	What is PVAI .....	131
8.	Why PVAI.....	133
9.	Other publications of PVAI.....	135

## | WHY PVAI |

1. This is the only organisation in India which admits the members after ascertaining the fact that, the member admitted is a Practitioner in the field of valuation .
2. We are the only organisation today issuing Certificate of Practise to the members admitted.
3. We are the only organisation who conducts an examination before admitting a member, takes cross references of clients and professionals from the fraternity.
4. It is mandatory for all the members to attend Continuing Education Programme.
5. We are the only organisation holding Residential Continuing Education Programme of 20 hours, once in the year in the month of August for three days.
6. Our organisation offers a platform and encourages active participation and deliberations.
7. All the members are very eager to join CEP to keep themselves abreast of the latest development in economic reforms, amendments in the legislations and taxations which effectively influences the valuation findings.

## **| WHAT IS PVAI |**

1. This is an association promoted by the genius practicing valuers who are the permanent governing council members to ensure that at any given point of time, the objective of incorporating this association is not drifted
2. PVAI is playing a very important role in promoting ethical practice and advocating for strictly following the code of conduct whereby all the end users get enlightened and protected.
3. It is non-profit making organisation mainly interested in sharing an experience and exposure everyone has because the back bone of this profession depends only on the experience one has.
4. Members are expected to become more accountable to the society and they have demonstrated that they are offering their knowledge and service and protesting interest of the public when there is an occasion to do so.
5. The senior members have extended their honorary support to the educational institutions who are imparting the advance courses in the field of valuation and also have assisted them in improving the syllabus of the courses.
6. Members of our association have also extended their hands in providing a platform of training for the Post Graduate student undergoing a course in valuation.

7. Members of our association are invited to impart training to the senior officers of various Government Institutions and Department. These services are offered honorary by our members.
8. This association is incorporated for a noble cause of protecting the investors by estimating and assessing the securities offered to the financial institutions, besides, estimation of the values appropriately and un-biasedly to collect the legitimate dues of the Government by way of taxes and duties.
9. Our organisation is willing to encourage a researcher in the field of valuation.



**PRACTISING VALUERS ASSOCIATION (INDIA)**

### **Other publications of PVAI**

- Principles of Valuation & Code of Ethics
- Uniform Standards of Professional Appraisal Practice
- Glossary
- Papers / Articles presented in the Continuing Education Programme for the previous years

**For membership visit website [www.pvai.org](http://www.pvai.org) / [pvai.info](http://pvai.info)**