

Valuation report template (Australia)

This report template is designed to guide members when preparing a valuation report in accordance with APES 225 Valuation Services

CA ANZ has created this report template in response to requests from members to assist in drafting valuation reports. The content of the valuation report is consistent with APES 225 Valuation Services issued in July 2019.

Important information

- This report is not suitable for use in relation to providing a report other than on a Valuation Service as defined and in circumstances in which APES 225 Valuation Services is intended to apply, or should be applied.
- This template was prepared in August 2021. Laws, practices and regulations may have changed since that time.
- This template is provided to you on a general basis only and must not be relied on by you or any other person as a substitute for appropriate professional and other advice tailored to your specific circumstances.
- APES 225 specifies members' professional and ethical obligations in respect of providing a Valuation Service. This template addresses only the reporting requirements contained in APES 225, and does not replace your reading of the standard.

Suggested report structure and content

The report structure and content below is designed to assist you to apply the requirements of APES 225 when preparing a valuation report. Wording in [brackets] must be tailored to your specific valuation engagement, and you may also need to tailor other words throughout the report depending on your circumstances.

Note on compliance with International Valuation Standards (IVS)

This wording included in this tool does not address the requirements of IVS.

Members wishing to comply with IVS should also have regard to the reporting requirements in IVS, accessible through the CA ANZ website.

[Date on which the Valuation Report has been issued] 5.2 (d)

[Client Name]

[Address]

[TITLE]

1. Instructions

- 1.1 [The name of the party engaging the Member] has requested a valuation of [A description of the business, business ownership interest, security or intangible assets being valued] as at [The date at which the value has been determined] 5.2 (a)
5.2 (b)
5.2 (c)
- 1.2 [The purpose for which the Valuation Report has been prepared] 5.2 (e)

Scope of work

- 1.3 [The scope of the Valuation, including any limitations or restrictions] 5.2 (g)
- 1.4 [The standard of value used in the valuation and its definition] 5.2(h)
- 1.5 [The Premise of Value adopted in the Valuation (e.g. going concern premise or liquidation premise)] 5.2 (i)

Nature of Assignment

- 1.6 [That the Valuation Service was conducted in accordance with this standard] 5.2 (s)
- 1.7 [The Valuation Approach(es), Valuation Method(s) and Valuation Procedures adopted in determining the estimate of value and description of how they are applied] 5.2 (k)
- 1.8 [The specific information on which the Member has relied and the extent to which it has been reviewed (e.g. the documents reviewed, the individuals interviewed, the facilities visited, the reports of other experts relied upon, and management representations) – *also refer to Appendix A*] 5.2 (l)
- 1.9 [For a Limited Scope Valuation Engagement, that if a Valuation Engagement had been performed the results may have been different] 5.2 (p)
- 1.10 [For a Calculation Engagement, that if a Valuation Engagement had been performed the results may have been different] 5.2 (q)
- 1.11 [The name and qualifications of the Member(s) responsible for the Valuation] – *also refer to Appendix B* 5.2 (f)
- 1.12 [Whether the Valuation was undertaken by the Member acting independently or not] 5.2 (j)
- 1.13 [Whether a Member has prepared a Valuation Report requiring Independence or purporting to be independent, that the compensation to be paid to the Member is not contingent on the conclusion, content or future use of the Valuation Report] 5.2 (r)

2. Conclusion of Value

- 2.1 [A Conclusion of Value for a Valuation Engagement or a Limited Scope Valuation Engagement, or a Calculated Value for a Calculation Engagement] 5.2 (n)

3. Assumptions and Qualifications

- 3.1 [A description of the material assumptions applied in the Valuation and the basis for those assumptions] 5.2 (m)
- 3.2 [All qualifications that materially affect the Conclusion of Value or Calculated Value] 5.2 (o)

4. External Environment of the Entity

- 4.1 [A summary of relevant industry] 5.4 (d)
- 4.2 [The external environment in which the entity operates] GN20
- [Valuation engagement – limited to extensive work undertaken] 3.3 (i)
 - [Limited scope valuation engagement – minimal to limited work undertaken] & 3.4
 - [Calculated engagement – none to minimal work undertaken]

In this section, the Member could consider macroeconomic factors and forecasts, specific industry reports and outlooks, political or regulatory developments, existing competitors and barriers to entry for new entrants.

5. Entity Specific Non-Financial Information

| | | |
|-----|---|----------|
| 5.1 | [Entity specific, non-financial information (e.g. entity's operating structure and lifecycle stage)] | GN20 |
| | • [Valuation engagement – limited to extensive work undertaken] | 3.3 (ii) |
| | • [Limited scope valuation engagement – subject to the nature of the limitation in scope, minimal to limited work undertaken] | 8.3.4 |
| | • [Calculated engagement – none to minimal work undertaken] | |

In this section, the Member should summarise non-financial information such as the history of the entity, ownership structure, management and staffing details, operating locations and logistics etc.

6. Entity Specific Financial Information

| | | |
|-----|---|-----------|
| 6.1 | [A summary of relevant financial information] | 5.4 (c) |
| 6.2 | [Entity-specific, financial information (e.g. historical and future orientated financial statement)] | GN20 |
| | • [Valuation engagement – limited to extensive work undertaken] | 3.3 (iii) |
| | • [Limited scope valuation engagement – subject to the nature of the limitation in scope, minimal to limited work undertaken] | 3.4 |
| | • [Calculated engagement – none to minimal work undertaken] | |

This section should contain the summarised financial information of the entity, including historical and forecast data, along with commentary on trends and non-recurring/abnormal items.

7. Valuation Context

| | | |
|-----|---|----------|
| 7.1 | [A description of other Valuation Approaches or Valuation Methods considered and the reasons why they were not considered relevant for the Valuation] | 5.4 (a) |
| 7.2 | [Valuation context (e.g. selection of Valuation Approaches, Valuation Methods and Valuation Procedures)] | GN20 |
| | • [Valuation engagement – limited to extensive work undertaken] | 3.3 (iv) |
| | • [Limited scope valuation engagement – subject to the nature of the limitation in scope, minimal to limited work undertaken] | 8.3.4 |
| | • [Calculated engagement – none to minimal work undertaken] | |

A Member may wish to summarise the various Valuation Approaches (e.g. Cost, Income, Market) or Methods (e.g. Discounted Cash Flow, Capitalisation of Earnings, Net Assets) before commenting on the relevance of each to this Valuation Engagement and identifying which have been selected by the Member in this Valuation Engagement.

8. Valuation Assessment

| | | |
|-----|--|----------|
| 8.1 | [Sufficient details of the Valuation calculations to allow a reader to understand how the Member determined the Conclusion of Value or Calculated Value] | 5.4 (b) |
| 8.2 | [Valuation assessment (e.g. application of Valuation Approaches, Valuation Methods and Valuation Procedures)] | GN20 |
| | • [Valuation engagement – limited to extensive work undertaken] | 3.3 (iv) |
| | • [Limited scope valuation engagement – subject to the nature of the limitation in scope, minimal to limited work undertaken] | 8.3.4 |
| | • [Calculated engagement – none to minimal work undertaken] | |

This section should detail the steps taken by the Member in applying the Valuation Approaches/ Methods identified in the previous section, including assumptions and calculations used by the Member to determine the Conclusion of Value or Calculated Value.

APPENDIX A**Sources of Information**

5.2 (l)

[The specific information on which the Member has relied and the extent to which it has been reviewed (e.g. the documents reviewed, the individuals interviewed, the facilities visited, the reports of other experts relied upon, and management representations)]

APPENDIX B**Qualifications of Member responsible for the Valuation**

5.2 (f)

[The name and qualifications of the Member(s) responsible for the Valuation]

APPENDIX C**Glossary of Terms**

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[When issuing a Valuation Report, a Member shall clearly define the Valuation terms used]

Members are encouraged to use as far as practicable terms that are in general use for Valuation Services. Members are specifically referred to the International Glossary of Business Valuation Terms which are included in the valuation standards of the American Institute of Certified Public Accountants and the Canadian Institute of Chartered Business Valuators.

Disclaimer

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