According to the International Valuation Standards (IVS), property valuations conducted for financial reporting must adhere to the general valuation standards outlined by the International Valuation Standards Committee or the Red Book. Additionally, the valuation report should comply with the applicable Financial Reporting guidance provided by relevant Standards, such as the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

The RICS Valuation – Global Standards, effective from 31st January 2022, state that valuations intended for inclusion in financial statements require meticulous attention as they must strictly adhere to the applicable financial reporting standards adopted by the entity. Valuers are strongly advised to clarify with their clients at the beginning of the process which standards have been adopted and to reference the complete definition of the corresponding basis of value in the reporting.

The following standards primarily pertain to property and assets in financial reporting.

- IAS 2 Inventories
- IAS 16 Property, Plant and Equipment
- IAS 17 Leases
- IAS 36 Impairment of Assets
- IAS 40 Investment Property
- IAS 41 Agriculture
- IFRS 3 Business Combinations
- IFRS 5 Non-current Assets held for Sale and Discontinued Operations.

Among the above, three main International Accounting Standards are particular to valuers.

1. **IAS 16 Property, Plant and Equipment**

   The objective of this Standard is to establish guidelines for the accounting treatment of property, plant, and equipment. The aim is to provide users of financial statements with information regarding an entity's investment in these assets and any changes that occur. The primary concerns in accounting for property, plant, and equipment are recognising assets, determining their carrying amounts, and appropriately recognising depreciation charges and impairment losses. *(Source: ww.ifrs.org)*

   IFRS 13 – Fair Value Measurement

   As per IAS 16- property plant and equipment value can be recorded at either cost or fair value in the financial statement on the basis of ongoing concern.

   IFRS 13 defines **Fair Value** as "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date" (Source: www.ifrs.org).

2. **IAS 17 - Leases**

   The standards classify leases into two types:

   - A finance lease is if the lease transfers substantially all the risks and rewards incidental to ownership.

- An operating lease, if the lease does not transfer substantially all the risks and rewards incidental to ownership.

IAS 17 prescribes lessee and lessor accounting policies for the two types of leases and disclosures. *(Source: www.ifrs.org)*

3. IAS 40 Investment Property

The objective of this Standard is to prescribe the accounting treatment for investment property and related disclosure requirements. *(Source: https://www.ifrs.org)*