

RICS PROFESSIONAL STANDARD



Farm stocktaking valuations

UK

2nd edition, December 2016

Effective from December 2016

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RICS standards framework

RICS' standards setting is governed and overseen by the Standards and Regulation Board (SRB). The SRB's aims are to operate in the public interest, and to develop the technical and ethical competence of the profession and its ability to deliver ethical practice to high standards globally.

The RICS [Rules of Conduct](#) set high-level professional requirements for the global chartered surveying profession. These are supported by more detailed standards and information relating to professional conduct and technical competency.

The SRB focuses on the conduct and competence of RICS members, to set standards that are proportionate, in the public interest and based on risk. Its approach is to foster a supportive atmosphere that encourages a strong, diverse, inclusive, effective and sustainable surveying profession.

As well as developing its own standards, RICS works collaboratively with other bodies at a national and international level to develop documents relevant to professional practice, such as cross-sector guidance, codes and standards. The application of these collaborative documents by RICS members will be defined either within the document itself or in associated RICS-published documents.

Document definitions

<p>RICS professional standards</p>	<p>Set requirements or expectations for RICS members and regulated firms about how they provide services or the outcomes of their actions.</p> <p>RICS professional standards are principles-based and focused on outcomes and good practice. Any requirements included set a baseline expectation for competent delivery or ethical behaviour.</p> <p>They include practices and behaviours intended to protect clients and other stakeholders, as well as ensuring their reasonable expectations of ethics, integrity, technical competence and diligence are met. Members must comply with an RICS professional standard. They may include:</p> <ul style="list-style-type: none"> • mandatory requirements, which use the word ‘must’ and must be complied with, and/or • recommended best practice, which uses the word ‘should’. It is recognised that there may be acceptable alternatives to best practice that achieve the same or a better outcome. <p>In regulatory or disciplinary proceedings, RICS will take into account relevant professional standards when deciding whether an RICS member or regulated firm acted appropriately and with reasonable competence. It is also likely that during any legal proceedings a judge, adjudicator or equivalent will take RICS professional standards into account.</p>
<p>RICS practice information</p>	<p>Information to support the practice, knowledge and performance of RICS members and regulated firms, and the demand for professional services.</p> <p>Practice information includes definitions, processes, toolkits, checklists, insights, research and technical information or advice. It also includes documents that aim to provide common benchmarks or approaches across a sector to help build efficient and consistent practice.</p> <p>This information is not mandatory and does not set requirements for RICS members or make explicit recommendations.</p>

RICS Valuation Professional Standards (Red Book Global Standards Standards)

RICS is the leading organisation of its kind in the world for professionals in property, land, construction and related environmental issues. As part of our role we help to set, maintain and regulate standards – as well as providing impartial advice to governments and policymakers.

To ensure that our members are able to provide the quality of advice and level of integrity required by the market, RICS qualifications are only awarded to individuals who meet the most rigorous requirements for both education and experience and who are prepared to maintain high standards in the public interest.

Members who qualify as valuers are entitled to use the designation 'chartered valuation surveyor' and, in addition to compliance with the general rules of conduct applicable to all members, should also comply with the most recent edition of RICS Valuation – Professional Standards, generally referred to as 'Red Book Global Standards Standards'.

RICS has in place a regulatory framework. Where a valuer undertakes work that has to comply with Red Book Global Standards Standards that valuer is also required to register with RICS. Registration enables RICS to monitor compliance with the valuation standards and take appropriate action where breaches of those standards have been identified. For further details, please see [the RICS website](#).

1 Introduction

1.1 Farm stock is an asset and farm stocktaking valuations should comply with the Red Book.

1.2 The purpose of this professional standard is solely to draw members' attention to specific issues that arise in farm stocktaking valuations for inclusion in financial statements. These valuations should be prepared in accordance with UK Valuation Standards (UKVS) 1.13 and its commentary at paragraph 6 relating to the use of Her Majesty's Revenue and Customs' (HMRC) guidance on farm stocktaking at Business Income Manual (BIM) BIM55410 (also known as Help Sheet 232, previously BEN 19, as revised by HMRC).

1.3 Farm stocktaking valuations are required to assess the closing stock value, and thereby the proper profits or losses and balance sheet of a farming business, for inclusion in financial statements. The aim of this standard is to assist members providing farm stocktaking valuations to correctly confirm instructions and prepare reports to clients that are Red Book-compliant so as to ensure the highest standards of professionalism and clarity.

2 Basic principles of stocktaking

2.1 The principles that apply to the majority of farm stocktaking valuations in the United Kingdom, for financial reporting purposes, are set out in Financial Reporting Standards (FRS) 100 to 102 and 105, published by the Financial Reporting Council and are collectively known as 'New UK GAAP'. They are applicable for accounting periods beginning on or after 1 January 2016. HMRC offers guidance for the application of those general principles to farm stocktaking in its Business Income Manual (BIM) at 55410 Farming: stock valuation (formerly BEN19, now help sheet HS232 as revised by HMRC) and related pages. All members undertaking farm stocktaking valuations are expected to be familiar with this guidance, which is on the HMRC website:

www.gov.uk/hmrc-internal-manuals/business-income-manual/bim55410

RICS Valuation – Global Standard: UK national supplement UKVS 1 Valuation of real property, plant and equipment for financial statements under UK GAAP provides detailed information on FRS 100-103 and the Financial Reporting Standard for Smaller Entities (FRSSE).

2.2 Additional technical guidance is available from the Central Association of Agricultural Valuers (CAAV) No. 210 – Guidance Notes on Agricultural Stock Valuations for Tax Purposes.

2.3 For the cost model (see 4.7 below) BIM55410 states:

'The reason for valuing stock at the end of an accounting period is to identify and carry forward those costs which were incurred before that date but will not give rise to income until a later period. By carrying forward those costs they can be matched with the income when it arises. Profit will be understated if stock is not brought in.

However, if there is no reasonable expectation that the proceeds from the sale of the stock in a future period will be enough to cover the costs, then relief for the expected loss may be obtained in the period for which the accounts are being prepared by valuing the stock at what it is expected to realise when sold in the normal course of trade.' (HMRC, 2016).

Under the fair value model the value of existing stock is recognised as at the balance sheet date so that it can be applied against future income.

2.4 Valuers should refer to Red Book Global Standards Standards, VPGA 1, Valuation for inclusion in financial statements, which refers to the requirements to adopt IVS 300 when following International Financial Reporting Standards where the basis of value is likely to be fair value less costs to sell.

3 General compliance

- 3.1** Valuers must comply with Red Book Global Standards Standards, VPS 1, Minimum terms of engagement, paying particular attention to VPS 1 paragraph 9 when confirming the terms of their appointment with their clients. In addition they must comply with Red Book Global Standards Standards, VPS 3, Valuation reports, paying particular attention to VPS 3 paragraph 7, Report content.
- 3.2** Valuers should take care to identify and deal with any actual or potential conflicts of interest (Red Book Global Standards Standards, PS 2, paragraph 4, section 4, subsection 4, Independence, objectivity and conflict of interest) and their files should note this accordingly.
- 3.3** Where the valuer is a member of RICS, registration in accordance with the RICS Valuer Registration is required. (RICS Rules for the registration of schemes, Appendix A).
- 3.4** If valuers are members of another professional body, such as the CAAV, with appropriate qualifications experience and a commitment to ethical standards they too could sign off the report without it being a departure.
- 3.5** When staff who do not hold an RICS qualification are assisting in the valuation, the responsible valuers should ensure that they meet the requirements of the Red Book Global Standards Standards, PS 1 paragraph 2.1 Compliance within firms, and with PS 2 Ethics, competency, objectivity and disclosures, 3, Member qualification, (paragraph 3.1) to enable the member to sign off the report.

4 Basis of value and methodology

4.1 To be compliant with Red Book, valuers should establish the precise purpose of the valuation with their clients or accountant and should also ensure the valuation complies with the applicable accounting standards (normally, UK GAAP or the International Financial Reporting Standards (IFRS)). The applicable accounting standards for the valuation, which dictate the basis of value, should be agreed with the client, noted in the file, be cited in the terms of engagement, applied in the valuation process and included in the report in the appropriate sections.

The suggested process is that valuers write to the client outlining the draft terms of engagement and requesting the name of the client's accountant. Valuers should then ask the client's accountant which accounting standards apply and seek clarification as to the approach to be taken to depreciation and production animals. Where historically valuers have an instruction to value on the basis of the older version of GAAP they should review that instruction with the client's accountant. This information can then remain on file for future reference.

- Accounting standards offer a choice of bases for stocktaking: Fair value (mandatory for only a few farming clients, as where a quoted company has a farming operation)
- The lower of cost or net realisable value, (the traditional basis).

Fair value less costs to sell

4.2 While 'fair value' has been available as a basis of valuation for stocktaking purposes under IFRS for some time and has been applied to foreign and multinational businesses, few valuers will have met it for farm stocktaking. HMRC's Business Income Manual (BIM55410) Farming: stock valuation: General Principles Helpsheet 232 (BIM55410) now states that valuations:

'may be calculated by reference to the basis of fair value less costs to sell rather than the cost approach under UK GAAP'

however it goes on to say that:

'other methods of valuation may also be acceptable...provided they are recognised by the accountancy profession as giving a true and fair view...'

4.3 The definition for 'fair value' under Financial Reporting Council (FRS) 102 is:

'...the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.'

Valuers are reminded that this is not the same definition of fair value as used in Red Book Global Standards Standards. Care should be taken to use the version required by accounting rules for stocktaking valuations.

4.4 BIM55410 gives further guidance on how valuations should be calculated using the fair value basis. It distinguishes between biological assets (a living animal or plant) and agricultural produce (the harvested product of a biological asset). However other stocks should still be valued on the basis of the lower of costs or net realisable value.

'Where the fair value model is applied biological assets are measured initially and at each reporting date at fair value less costs to sell. Agricultural produce is measured at fair value at the point of harvest and this is considered to represent its cost at that date.

IAS 41 and FRS 102 section 34 provide a hierarchy of considerations for determining fair value. These are not repeated here in detail but in summary:

If an active market exists the price in this market should be used

If an active market does not exist then entity may use one or more of the following:

The most recent market transaction price where the market has not been subject to a significant change

Market prices for similar assets, adjusted to reflect the differences

Sector benchmarks

(iii) In some cases a market derived price may not be available. In this case an entity uses the present value of expected cash flows, discounted.'

4.5 In the case of growing crops valuers are likely to find that there is little evidence, if any, for market prices in the middle of a growing season (for example an established Winter Wheat crop is rarely, if ever sold under true open market conditions on the 31 March or 5 April – both being common valuation dates).

'If it can be demonstrated that a fair value cannot be reliably obtained then agricultural produce may be carried at cost.' (BIM55410)

4.6 Costs to sell are defined in International Accounting Standards (IAS) 41 as:

'the incremental costs directly attributable to the disposal of an asset excluding finance costs and income taxes'.

These might include transport to the point of sale and fees.

Cost of production basis

4.7 The primary basis of value in the UK remains the cost of production, or 'production cost', as defined in BIM55410 and this is still acceptable. Case law shows that an allowance for depreciation is required. Where adoption of this basis of value (i.e. 'production cost') is mandatory, as it may be for taxation purposes, then it would not be a departure, though

the basis should be clearly defined and stated in the report. In all other cases, i.e. where it is not mandatory, but nevertheless a common convention, it would be a departure (Red Book Global Standards, PS 1, paragraph 7.3).

4.8 Where net realisable value is less than the cost of production, then net realisable value should be used. This might be applicable, for instance, where the market value for a particular class of livestock has fallen below the production cost or, in the case of a growing crop, where there has been a failure through disease or drought either before or at the valuation date.

4.9 Net realisable value, as defined in BIM55410, is essentially the sale proceeds of the stock in the condition in which the farmer intended it to eventually be marketed, less the costs in getting it to that condition. It also includes marketing, plus any grants or subsidies where the subsidy status affects the value (but not basic payment and related payments) and, for breeding/production animals, ancillary income from the sale of progeny or produce. This basis is often misunderstood as being simply market value less costs of sale at the valuation date. The outcome may be similar, but not necessarily so.

4.10 BIM55410 and 55420 also allow for valuation on the basis of 'deemed cost' in certain circumstances where actual costs of production are unknown or not reasonably obtainable. However 'deemed cost' should not be used where it would not result in a reasonable estimate of cost.

4.11 'Deemed cost' is defined in BIM55410 as a percentage of market value at the valuation date. If this method is to be applied, reference should be made to the definition of market value in Red Book Global Standards, VPS 4, paragraph 1.2 'Deemed cost' is 75 per cent of market value for severed or harvested crops, sheep and pigs and 60 per cent of market value for cattle. Where market value is affected by subsidy status, that needs to be taken into account (BIM55430).

General issues

4.12 Valuers should state in their reports the key inputs and the principal reasons for the valuation figure and conclusions reached, including reference to the approach or approaches adopted (Red Book Global Standards, VPS 3, paragraph 7 Part I, Valuation approach and reasoning). Valuers should bear in mind that these valuations may be queried by the client or the client's advisers, perhaps in response to inquiries by HMRC, many months or years after they have been submitted. In view of this, you should keep comparable evidence or details of any alternative methodology either on the file or in a wider database which is referred to on the file, for a minimum of six years after the valuation date.

4.13 The templates in Appendix A and B are intended to be indicative, incorporating the minimum necessary for compliance with Red Book Global Standards, VPS 1, Minimum terms of engagement and VPS 3, Valuation reports. Some valuers may wish to include further items. However, you should ensure that the terms of engagement and report reflect the circumstances of the subject valuation.

- 4.14** The valuation date is normally the balance sheet date, which is the year end for tax accounting purposes.
- 4.15** The identity of the valuer is vital for the resolution of future queries and is mandatory for Red Book valuations (see Red Book Global Standards, VPS 3, paragraph 7a Identification and status of the valuer). The status of the valuer is likely to be external, but might be otherwise, and in either case should be stated.
- 4.16** Any assumptions, and particularly special assumptions and departures, should be clearly stated. Valuers may develop their own standard assumptions, in which case you should ensure that they are relevant to each individual valuation.
- 4.17** The extent of the valuer's investigations and inspection should be set out as anticipated at the date of instruction. However, the client's instructions may change, and any changes should be confirmed. For example, the valuer may find on site that livestock have been sold since the balance sheet date and are no longer available for inspection. This does not preclude the valuation, however assumptions will have to be made and stated as to their condition, size and other relevant characteristics.
- 4.18** The valuer is under no duty to verify information provided by the client or the client's advisers, but the source of the information should be confirmed in the report and the valuer should state that it is being relied on as being true.
- 4.19** The valuer should be clear whether the report is to be disclosed and, if so, to whom. Different standards may apply for publicly quoted and foreign companies.
- 4.20** Valuers may wish to include their firm's standard terms of business. These may cover such matters as payment of fees, termination of engagement and limitation of liability.
- 4.21** The terms of engagement should be confirmed for every valuation and a copy attached to the valuation report. In general it is considered unsatisfactory to rely on one set of terms of engagement going forward indefinitely, especially as standards change and terms of engagement may vary without being properly addressed.

5 Confirmation of instructions

- 5.1 The confirmation of terms of engagement, as required by Red Book Global Standards, VPS 1, Minimum terms of engagement, is vital to protect both the client and the valuer and ensure clarity.
- 5.2 The purpose of the valuation is very specific, and so appropriate terms of engagement will ensure that the valuation is not misused or wrongly applied by the client or the client's professional advisers.
- 5.3 Special terms of engagement and reporting may be required for certain companies and for other firms or organisations if the valuation is likely to be published.
- 5.4 Any assumptions, special assumptions, reservations, special instructions or departures should be clearly set out in the terms of engagement (see Red Book Global Standards, VPS 1, 9i Assumptions and special assumptions, and 9j Restrictions on use, distribution or publication).

6 Inspection and reporting

6.1 The valuation date is likely to be the client's tax year end, and very often it is not practical to inspect on the actual valuation date. Live and dead stock present at the valuation date may no longer be on the farm at the inspection date, or may be in a different state or condition. Valuers should have regard to Red Book Global Standards VPS 2, Inspections and investigations. Valuers should take reasonable steps to verify the information relied on in the preparation of the valuation and, if not already agreed, clarify with the client any necessary assumptions that will be relied on.

6.2 In some instances a physical inspection of the stock will not be possible. When inspecting livestock, valuers should take particular care not to physically endanger themselves, their clients or the livestock. Bio-security issues may render a full inspection impossible.

6.3 In such circumstances valuers will have to rely heavily on the information supplied by the client and, while this may be acceptable, it will have to be made especially clear in the report. If the valuer has concerns about the integrity of the information supplied it may be prudent not to issue the valuation but to inform the client or accountant of the reservations.

6.4 See Appendix B, Valuation report format.

Appendix A: Confirming instructions and the terms of engagement

A1 Terms of engagement

A1.1 The minimum terms of engagement are specified by Red Book Global Standards, VPS 2 paragraph 1.

A2 Suggested template

A2.1 This suggested template and notes are for guidance only.

Terms of engagement for farm stocktaking valuations	
Identification and status of the valuer	<i><insert the valuer's name and status as either 'internal' or 'external', objectivity of the valuer, material connections or involvement and competency of the valuer></i>
Identification of the client and any other intended users	<i><insert client's name and address and list other intended users></i>
Purpose of the valuation	<i><e.g. annual stocktaking valuation for accounting purposes and the assessment of closing stock at the valuation date. The valuation is in accordance with New UK GAAP accounting standards and this has been confirmed with your accountants. (Alter each of these as appropriate)></i>
Identification of asset or liability to be valued	<i><list trading stock held and used by the business as at the valuation date, e.g. growing and harvested crops, farm livestock, cultivations and stores. Clarification may be needed of the interest in the asset being valued></i>

Terms of engagement for farm stocktaking valuations

Basis of value	<i><e.g. fair value less costs to sell, cost of production or, if applicable, actual cost, deemed cost, net realisable value. Where basis of value is fair value less costs to sell, take care to use the correct definition, see VPS 4, paragraph 1.5></i>
Valuation date	<i><insert valuation date></i>
Extent of investigation	<i><insert confirmation that the extent of investigations are appropriate and acceptable to the client, and list any client's instructions to restrict valuer's investigations></i>
Nature and source of the information relied on	<i><e.g. numbers, ages and types of livestock to be provided by client, the valuer has not verified these and relies on them as being true></i>
Assumptions and special assumptions	<i><insert confirmation that the assumptions are reasonable, appropriate and acceptable to the client. These might include health of livestock, condition of growing crops, plant health and storage conditions for forage or harvested crops></i>
Restrictions on use, distribution or publication	<i><insert confirmation of restrictions, note that any limitations will only be effective if properly notified to the client></i>
Confirmation that the valuation assignment will be undertaken in accordance with IVS	
Description of the report	
The basis on which the fee will be calculated	<i><state whether a flat fee has been agreed or an hourly rate, the application of VAT and what the total fee will be or is likely to be></i>

Terms of engagement for farm stocktaking valuations

Where the firm is registered for regulation by the RICS, reference to the firm's complaints handling procedure, with a copy available on request

<details on where this is to be found>

A statement that compliance with these standards may be subject to monitoring under RICS' conduct and disciplinary regulations

<informs the client of the possibility of the valuation being investigated by the RICS for compliance>

Appendix B: Valuation report format

B1 Valuation report requirements

B1.1 The minimum reporting requirements are specified by Red Book Global Standards, VPS 3, Valuation report.

B1.2 The format of the report is at the valuer's discretion. This may vary according to the nature of the instructions and the items to be valued.

B1.3 The valuation should not be described as a 'certificate of value', 'statement of value', or 'valuation certificate' as these have specific meanings in certain circumstances (see VPS 3, paragraph 6).

B1.4 It is the responsibility of the valuer to ensure that the valuation report clearly and accurately sets out the conclusions of the valuation in a manner that is not ambiguous or misleading, and that does not create a false impression. It should also cover all the matters agreed in the terms of engagement (see VPS 3, paragraph 3).

B2 Suggested template

B2.1 The example valuation format below suggests what might be relevant for a particular valuation and deals with the minimum mandatory requirements for financial statements. Individual reports may vary considerably depending on the items valued and the circumstances. In some cases alternatives can be suggested to prompt consideration. Take care that the report reflects all the matters identified in the terms of engagement, and therefore it should not be considered a fixed format.

B2.2 Provision is made for recognition of the element of depreciation, where requested by the client for assistance with tax computation.

FARM STOCKTAKING VALUATION

for

AB Farmer & Son

of

The Farm

Little Village

The Shire

as at

31 March 2016

Instructions and terms of reference

- a **Identification and status of the valuer:** The valuer <name of valuer and firm> has received instructions from AB Farmer, dated 15 March 2016 [see Appendix A], to carry out the farm stocktaking valuation for the business known as AB Farmer & Son as at 31 March 2016 in accordance with the terms of engagement agreed with in writing, a copy of which is attached to this report in Appendix A. The valuer has carried out the inspection and reports accordingly. The valuation is intended for the use of the named client and the client's accountant only.
- b **Identification of client and any other intended users**
- c **Purpose of the valuation:** To establish the closing balance of stocks for the purposes of preparation of annual accounts. The valuation is in accordance with New UK GAAP accounting standards and this has been confirmed with your accountants. (Alter each of these as appropriate).
- d **Identification of the asset or liability to be valued:** Trading stock held and used by the business as at the valuation date as shown on the attached schedule of assets.
- e **Basis of value:** The special purposes of this valuation require adoption of a basis of valuation that is different to market value as defined in the Red Book Global Standards, and this is set out below:

Either

Fair value less costs to sell. Fair value is:

'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.'

or

The lower of production cost and net realisable value, as defined below. Cost has been determined from actual price information supplied by the client together with deemed costs where cost information was not available.

the **production cost:**

'is the actual cost of getting the stock into its condition and location at the balance sheet date.' (BIM55410)

where actual costs are not readily available as defined by BIM55410, the **deemed cost has been adopted**, which is 75 per cent of market value for severed or harvested crops and sheep and pigs, and 60 per cent of market value for cattle

actual cost (for recently acquired assets)

net realisable value is:

'the sale proceeds that it is anticipated will be received from the eventual disposal of the stock in the condition in which at the balance sheet date, the farmer intended subsequently to market it.' (BIM55410)

- f **Extent of investigation:** The valuer <has or has not> inspected the items valued <if applicable, include details of investigations>. The inspection was made on 16 April 2016.
- g **Nature and source of the information relied on:** The valuer has relied <wholly or partly> on the information supplied by the client as to quantity, quality and general description <include details of the items where the client provided details and where the valuer's own costings have been used>.
- h **Assumptions and special assumptions:** The valuer has made <no special assumptions, or the following special assumptions> and there are no reservations, special instructions or departures from standard procedures < here the valuer should confirm which assumptions were made following the inspection>.
- i **Restrictions on use, distribution or publication:** This report is not for publication and is confidential to the client and the client's accountant <this may vary according to client requirements and reporting requirements, especially for listed companies>.
- j **Confirmation that this assignment has been undertaken in accordance with the International Valuation Standards (IVS).**
- k **The valuation approach and reasoning:** The approach is by the use of actual costs, the Central Association of Agricultural Valuers' (CAAV) annual Guide to Costings, published costings from <the XYZ Costing Book> and comparable market evidence for livestock and produce sales <list details any alternative approaches to valuation and sources of reference>. Where requested by the client, the element of depreciation has been identified.
- l **Amount of the valuation or valuations:** This shall be expressed in applicable currency and would normally be indicated towards the end of the report but might also be included here in an executive summary.
- m **Date of the valuation report:** This is required as it is often different to the valuation date.

The valuation report ought to be signed at the end, as the mandatory requirements require a signature on the report to authenticate it and confirm the valuer.

	Valuation	
Growing crops		
Basis of value:		
The lower of cost or net realisable value		
Or		
Fair value less costs to sell/production cost		
Description	Quantity/area	Valuation (£)
Winter wheat	22 hectares	
Winter barley	59 hectares	
Oilseed rape	20 hectares	

(The valuer may wish to provide sufficient information to identify the extent and nature of the crops, and any special characteristics and reasons, such as disease, for an abnormally high or low valuation.)		
Livestock		
Basis of value: fair value less costs to sell/deemed cost		
Description	Quantity/area	Valuation (£)
Suckler cows	78	
Store cattle	151	
Ewes	200	
Rams	2	
Lambs	300	
(The valuer should consider providing sufficient information to identify the livestock in suitable bunches or categories according to age range or type, and any special characteristics such as pedigree and yields.)		
Produce in store		
Basis of value: fair value less costs to sell/production cost		
Description	Quantity/area	Valuation (£)
Wheat	50 tonnes	
Straw	10 tonnes	
Basis of value: fair value less costs to sell/net realisable value		
Description	Quantity/area	Valuation (£)
Silage	200 tonnes	
(It may be necessary to comment on the condition of the commodity or suitability of storage.)		
Stores		
Basis of value: actual cost		
Description	Quantity/area	Valuation (£)
34.5N fertiliser	30 tonnes	
Diesel fuel	1,500 litres	
Lubrication oil	20 litres	
(The valuer may wish to consider available evidence, such as actual receipts, to confirm cost.)		

Total		
<p>I am of the opinion that the value of the above farming stocks and assets as at the valuation date for the purposes only of preparing accounts in the sum of <X hundred> and <XX thousand X hundred> and <XX pounds> (of which <£X,XXX> is depreciation).</p> <p>Dated this <XX> day of <month year></p> <p>Signed_____ <Name of valuer and firm></p>		

B3 Appendices to the valuation

These might, but not necessarily, include the following:

- a copy of terms of engagement form, signed by the client
- breakdown of cultivations for growing crops
- comparable evidence
- sources of information for costings.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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