



INTRODUCTION

The Genesis of Asset Valuer Pro

The accounting standards regularly undergo change and the requirements surrounding public sector asset valuation and depreciation have become increasingly more complex.

Asset Valuer Pro was developed to provide for increased efficiency, consistency and quality which are constantly impacted by the everchanging valuation requirements and expectations.

A secondary objective was to provide significantly more value through a range of value-added capabilities so that the valuation became meaningful and useful rather than being seen as a pure compliance requirement.

Following extensive testing and use by leading experts and agencies it is now available for councils and other entities to take total control over their own valuations.

Traditional Issues

Since revaluation under the accounting standards was first mandated there have been a number of issues consistently identified in every jurisdiction. These include -

- Cost of the valuation process
- Reliance on external consultants
- Inconsistency between valuations from year to year
- Inconsistent methodologies across Asset Classes
- Valuations not being delivered on time
- Inconsistency between accounting requirements and how engineers have applied them
- Difficulties getting valuers to change assumptions or outputs
- Valuation Reports lacking key information
- Valuation spreadsheets full of errors

The Asset Valuer Pro alternative

We strongly believe that internal staff have the best knowledge and understanding of their assets and, provided they are equipped with the right

tools and technical knowledge, are the best suited to deliver the financial reporting valuations.

The weakness in the valuation framework for most entities is not the knowledge and understanding of how their assets behave or even the determination of unit rates. It is usually the lack of expertise, experience and knowledge of the various accounting standards and their associated impacts on not only the calculation of the valuation but the various outputs required from the valuation process to satisfy the financial reporting obligations.

In simple terms, they know their assets but do not know how to put together a valuation that –

- fully complies with the accounting standards,
- provides all the necessary outputs for the financial statements and
- can withstand a thorough review by external audit.

Asset Valuer Pro however provides the capability and process that enables any entity (irrespective of their existing skills and knowledge) to deliver fully compliant valuations with all the necessary outputs required for the financial statements.

This capability was demonstrated by the Government of Vanuatu who, despite a complete lack of staff with any accounting, valuation or engineering expertise, were able to identify, capture and measure all their assets and produce for the first time a whole-of-government valuation. If the Government of Vanuatu can achieve this with limited capability then there is no reason why you cannot do the same.

Asset Valuer Pro is supported by a range of detailed training materials and a formal implementation process. While it includes a range of default templates the framework is totally flexible and customisable to enable any entity to tailor the valuation to meet their own specific requirements.

All that is needed is to set a few rules and then import the necessary data as required. In many respects, it is no different than how MYOB and other similar products allow non-accountants to record their transactions and produce financial statements and associated taxation reports despite a lack of accounting knowledge, experience and qualifications.



What else does Asset Valuer Pro do?

Asset Valuer Pro has been enhanced to include a range of features to simplify and automate the year end asset accounting financial reporting requirements. These include –

- Calculation of Depreciation Expense
- Generation of the Movements Reconciliation
- Calculation of the profit/loss on disposal journals (including those relating to part-disposal)

The financial statement reports are all based on the 'Financial Asset Class' which is customised by Asset Valuer Pro and therefore can essentially be cut and pasted into the financial statements.

Typical Asset Valuer Pro Process

The implementation of Asset Valuer Pro usually commences with an initial onsite 'Implementation Workshop' involving both finance and asset management staff involved in the valuation process.

Once the framework decisions are made and data captured or imported the user is able to revalue all asset classes within a short period of time. For example –

- Buildings
- Roads infrastructure
- Water and Sewerage infrastructure
- Stormwater and Drainage and
- Parks and Playgrounds.

Once the valuation and depreciation results are derived they can be quickly updated as appropriate and new calculations processed within minutes. This provides the entity with total control over the assumptions and outputs to ensure the result reflect the user's understanding of the portfolio.

This also provides the ability to generate valuations months before year end. Closer to year end the user only needs to simply update the system with any changes in assumptions, additions, disposals of changes in condition (such as an impairment event). The results are produced within minutes enabling timely update and preparation of the draft financial statements.

Desktop valuations can be done annually with minimal effort requiring only the update of indices in the assumptions table and updated for additions, deletions and any changes in condition.

Options to Suit

We understand that not all entities may wish to dive straight into this new approach. However, this does not mean they can't reap the value-added benefits provided by Asset Valuer Pro while taking the time to better acquaint themselves with Asset Valuer Pro and assessing whether or not it would suit their needs.

For example –

- All valuations delivered by APV Valuers and Asset Management are delivered using Asset Valuer Pro. Council and their auditors are

provided with free online 'view only' access which enable the production of all reports and outputs.

This provides the opportunity for entities to play and explore the features of Asset Valuer Pro and assess whether they feel they would be able to take over control of the file at a later stage.

One advantage of this option is that APV provides the complete valuation framework and the entity avoids having to pay an implementation fee. The entity is free to make changes to assumptions but is limited in tailoring much of the valuation framework.

- Another option is to subscribe to Asset Valuer Pro and as part of the implementation process identify specific parcels of work that can be done in-house and others that could be best done externally.

For example – development of the Asset Hierarchy, review of unit rates and depreciation assumptions, specific aspects of the valuation framework or data capture of dimensions or condition data.

- Subscribing to Asset Valuer Pro and undertaking the entire process in-house but to provide comfort over the final results engaging APV to conduct a Peer Review. Based on the results of the Peer Review there is even potential for APV to provide the valuation certificate.

Fee Structure

We understand that traditionally the fee structure for software can often be complex and unpredictable. They may even contain a range of hidden fees which can sometimes become quite significant. We also appreciate that all entities have limited budgets and require certainty about future costs.

Bearing this in mind we have developed a fee structure that is transparent and provides certainty for budgetary considerations and ensures the cost of compliance with respect to valuation is significantly lower than the alternative options.

Support

The success of any product or project is the support provided to the users. In the case of Asset Valuer Pro the support available to users is exceptional.

This starts with an initial implementation workshop and is further supported by a Customer Support Help Line and free access to a range of training and support materials specifically developed to lead users step-by-step through the complete valuation process.

