

Valuation of assets- methodologies

In ABA, accountal of assets assumes significance in so far as identification and valuation is concerned. As a first step in this direction, the work of identification (location-wise) of assets is going to take a little longer. However, valuation poses a particular challenge. In this regard , while DDOs may refer to the standards issued by the GASAB for valuation of assets and inventories for finer details. Pending issue of directions by the State Government for valuation, this interim measure would be useful and time saving when the divisions ultimately switch over to ABA back to back with the present set up. The following can serve as a guidance for asset valuation.

We have three types of physical assets-

Heritage/Historical Assets- where no valuation is possible because these assets are retained and maintained for heritage, education, cultural and artistic purposes, the assets be valued at Re1/=.

Intermediate assets say 30 – 50 years, where details are not traceable and are to be recreated, the asset be valued at a nominal value of Re1/= for the time being and subsequently in case the records are traced, value them at historical cost or alternatively fresh valuation be got conducted. As regards contemporary assets say upto 30 years, the records should be available , the assets be valued at their historical cost and depreciated accordingly.

In special circumstances, where records have been gutted etc., a field valuation based on circle/vicinity valuation would be reasonable.

Encroached assets need to be considered carefully and while bringing all assets on account, the encroached part be carefully depicted making a note of the present status of encroachment.

Gifted assets should be valued at a nominal value of Re.1/= as Govt. has not exchanged any consideration in acquiring these assets.

Similarly, valuation of lands where details of acquisition costs are not traceable, the same could be got valued in co-ordination with the revenue authorities.

Please remember the valuation of assets is significant to identify all Govt. assets under each division. Especially lands under roads, culverts, approach roads or say water pipes under ground etc. which need a scientific and financially acceptable valuation, need to be carefully accounted for to obviate inter divisional/inter departmental contradictions.