

Evaluation Report

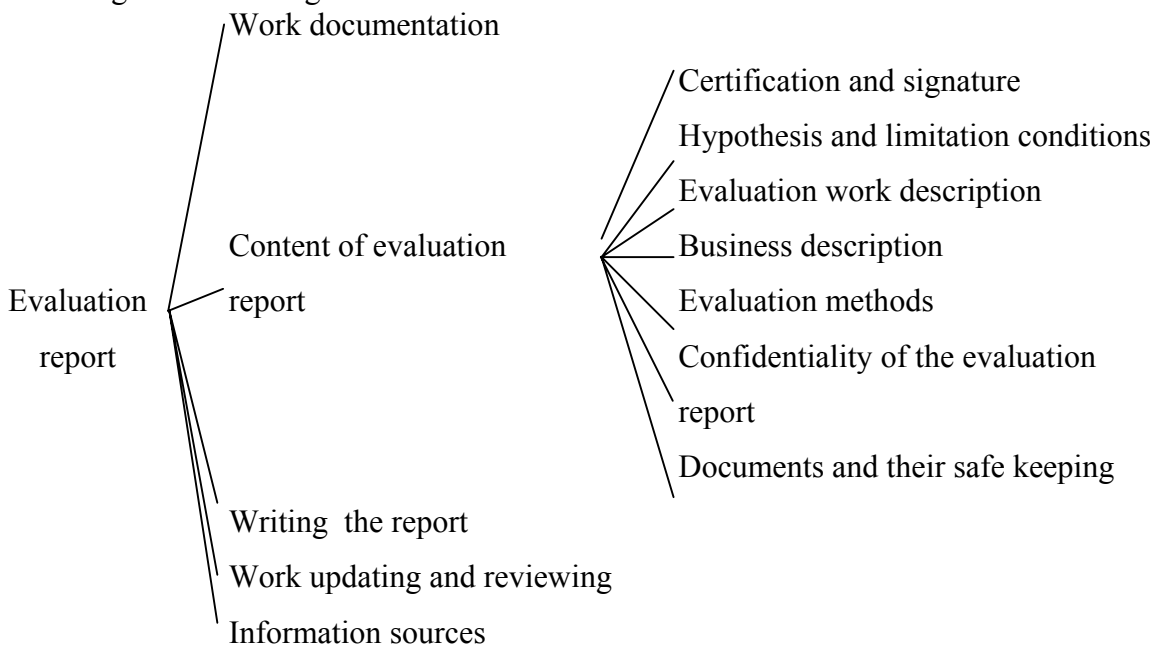
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Abstract: The evaluation report is document realized with a good communication with the person or institution that needs it and it can be presented by clients or any other capable person. A good report is based on a very good and elaborate investigation, it needs a strong and logical motivation. In practice the contents of the evaluation report must be adapted to the needs of the client and it must respect the basic standards of an evaluation report.

The evaluation is an analysis, an opinion or a conclusion referring to the nature, the quality, the value or the utility of certain interested lands or buildings. This is finalized in an **evaluation report** witch shows the estimated value together with the limitation conditions and natural reserves.

The evaluation report is a written document witch assures the evaluator the opportunity to explain his opinions and conclusions and to demonstrate the real estimated value of the objective on witch upon is the evaluation report made. The form and the dimensions of the report is different on each evaluation and investigation depending on the client’s needs and demands and the nature of land or building.

The evaluation report has flexible and adaptable form to any form of property evaluation according to the drawing below:



1. Work documentation

It is the most important part because it leads to the evaluation of the most significant elements.

The following elements are the ones that every evaluation must have:

- title
- initials of the person that made the document
- date
- mission objective

- document objective
- proof of evaluation activity
- conclusion
- references

2. Evaluation report content

According to the international evaluation standards the report must contain the evaluators conclusion:

1. Evaluators signature on the evaluation report;
2. Written document that proves that the value of the land or the building does not affect the evaluation price;
3. Hypothesis and limitation conditions:
 - the elements in the report must be correct and worthy;
 - original reference sources must be identified and checked to prove their eligibility;
 - the evaluator must declare that he has no interests in the property that must be evaluated;
 - the warranty evaluation expires after date that was made and the purpose that was made for.
4. Evaluation work description in witch must be specified with clarity the form of property that is subject to evaluation with the following elements:
 - date of the evaluation(period of time when the evaluation was made)- it is the date on witch the last financial report was made and the updating coefficient was taken into calculation;
 - type of estimated evaluation according to National Agency of Romanian Evaluators (A.N.E.V.A.R.) standards;
 - hypotheses put in order to establish the values of objective;
 - purpose and work utility (purpose of company sale, destination, client name);
 - enumeration of buildings evaluated;
 - date of report.
5. Business description will hold elements from the Diagnosis Analysis witch must be found in the following aspects:
 - collected informational sources;
 - topographic documents, topographic planes and maps, statistics;
 - type of organisation (partnership, corporation);
 - history;
 - products, services, markets, clients;
 - competition;
 - activities;
 - distributors;
 - facilities;
 - employees;
 - management;
 - property rights;
 - business description;
 - past businesses and transactions;
 - financial analysis.
6. The evaluation methods contain:
 - method of evaluation (proof of why was that method used);
 - calculations used and their logic;
 - in witch way were the variables determined (updating and coefficients);
 - the logic of the data that justifies the use of financial discounts;

- evaluators opinion.

7. Report confidentiality is about not being able to send copies to nobody else exempt the client (copies can only be send only if the court of law demands so).

8. The documents and their safe keeping is realised by archiving by the evaluator for a reasonable time period.

3. Editing the evaluation report

For a good editing of the evaluation report the N.A.R.E. established a professional standard.

The evaluation report is a written document that shows the basic methods used to get to a final conclusion reflected by the economical principles of the evaluation.

4. Updating the work and reviewing

The evaluator must not accept a reviewing demand oven a company without a new investigation being made.

If the evaluator accepts, the evaluator must obtain from the client a letter in witch the evaluator is assured that there are no major changes and transformations in the company. If there are major modifications it is mandatory that a new complete investigation is being made.

In order to make a evaluation according to international standards the evaluator must not accept a evaluation made by somebody else.

In updating the evaluation the evaluator is not allowed to criticize the previous evaluation made by another evaluator.

5. Information sources

In the evaluation report there must be an exact specification of the information sources and their quality obtained by the evaluator.

The information sources can be:

- internal, put to use by the company
- external, found elsewhere but the company

International standards recommend that in the evaluation report must be mentioned the quality of the information sources in order for the evaluator not to assume responsibilities for them.

Conclusions

In conclusion, the evaluation report must reflect the understanding of evaluation economical principles by evaluator, the evaluator ability to interpret the data and the logic of the technics and methods used and the way these have been applied to get an estimated final value of the company. The best evaluation report that one that can offers the client a very good understanding of the problem and real data and can fallow the evaluators logic until the final conclusion.

Refences

1. Ing. Bădescu Gheorghe - Evaluarea proprietății imobiliare, C Evaluarea bunurilor imobiliare Colecția Biblioteca ANEVAR, ediția 2002;
2. Plamariu M., Dîrja M. - Evaluarea bunurilor imobiliare, Editura Risoprint, Cluj Napoca, 2004;
3. Koncsag E. - Evaluarea bunurilor imobiliare, Referat nr. 2 în cadrul pregătirii pentru doctorat, Petroșani 2006;
4. Palamariu M. ș.a. - Evaluarea bunurilor imobiliare, Editura Global Media Image Deva, 2001.