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IMPORTANCE OF CORPORATE ASSETS' VALUATION IN PERFORMANCE EVALUATION: A REVIEW OF LITERATURE

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ABSTRACT

Analyses of company performance are conducted to enable the management and owner(s) of a particular business concern, as well as competitors, government and its agencies and the general public to evaluate worthwhileness of its existence and make critical decisions from time to time. One of the key factors in these analyses is company assets, which values must accurately be determined to aid sound decision making. Estate Surveyors and Valuers determine open market values of concerned assets, for different purposes, that usually leads to variety of analysis and decision such as company performance. The focus of this research is the non-use of up-to-date values of corporate assets in company's financial accounts as well as reporting and subsequently in performance evaluation despite opportunity offered by the valuation profession. A review of some existing literature worlwide was carried out, to justify the importance of valuation of assets in company performance analysis. Identified problems include; a growing perception amongst business operators, that the valuation did not necessarily provide the right information to them, hence the use of existing values which is usually calculated on the basis of historic cost. It recommended that valuers must be purely transparent in their dealings, to ensure that information provided is accurate and not misleading and implored companies to conduct valuation of their assets periodically, in order to get their fair values or current open market values of corporate assets, instead of historical values.

KEYWORDS: ***Corporate asset, valuation, fair value, financial reporting and performance evaluation.***

1.0 INTRODUCTION

Valuation of any property is carried out to determine its value(s), in order to meet a predetermined purpose and serves as tool for decision making (Ashaolu & Olaniran, 2016). The scope of this paper is to bring to the fore, the usefulness of corporate assets' valuation as key variable supplying basic information, assets' values, for financial reporting and performance evaluation. Evaluation, analysis and assessment are used interchangeably in this work unless otherwise stated.

Performance evaluation is often done periodically to assess fulfillment of business ventures, in meeting its targets in its operating environment and economic conditions. Performance analysis focuses on improvement of current status, contemplation of merger, acquisition, widing-up of the enterprise and litigation that relates to bankruptcy and liquidation by court. Performance evaluations are categorised as internal and external. It is internal when it is for the use of its owner, management and workforce whilst external when it is used for public consumption. Investors, competitors, investment analysts and public authorities (such as Federal Inland Revenue Services, Central Bank, etc.) and other financial institutions are among its users.

The major research problem addressed by this study is the non-use of up-to-date values of corporate assets in company's financial accounts as well as reporting and subsequently in performance evaluation despite significance of current and reliable data in such analysis. Recent development has spurred the use of frequent valuation of company assets for company performance analysis and decision making (IVSC, 2006, HMK REIT 2014, IFRSs IAS 16, 2017 and IPSASs IFAC 17, 2018).

IVSC (2006) therefore recommends valuation of asssets of both private and public sectors for financial reporting to be in accordance with adoption of a cost model (historical cost) and a fair value model for the recognition of property assets in the balance sheet by International Financial Reporting Standards (IFRSs IAS 16, 2017) and International Public Sector Accounting Standards (IPSASs IFAC 17, 2018) respectively. By implication where the fair value model is applied, a current revaluation of the asset is required. Instead, historical costs of such assets are usually brought forward for the analysis.

Cost model is an accounting system that measures an item of property, plant, and equipment at its cost, that is, purchasing price, discounts, custom duties, transportation costs, installation and assembly costs, professional fees, and any other directly attributable costs less any accumulated depreciation and impairment losses (Smirnov, 2018). Both depreciation and impairment loss necessitate (re)valuation of fixed assets as their values vary with time and fair wear and tear. Again, if there is substantial increase in the value of any of the assets which usage of historical cost does not factor into the account, it creates hidden value and then accounting statements will not offer true indication of current value of the company's assets (Mayo, 2007).

Therefore, the aim of this paper is to educate the investors and managers of business concerns, analysts and other stakeholders on the relevance of corporate assets' valuation to business performance evaluation, and why the valuation must be done periodically to update their values as direct measures against biting and recurring inflation. Specific objectives are to review company performance evaluation vis–a–vis assets' valuation, identify militating problems against the use of assets' valuation in corporate performance analysis as well as offer recommendations to encourage the use of assets' valuation for the purpose. The paper adopted wide review of literature on the key words of its title and demonstrated numerical analysis of key performance indicators.

2.0 LITERATURE REVIEW

2.1 Value and Valuation

Value means an amount of money which a thing is worth in the open market (Mustoe, Eve and Anstey, 1938). It is the amount of money for which property will exchange (Baum et al 1974 and Babawale, 2006). International Valuation Standard Committee (IVSC, 2003) takes value as an economic concept referring to the price most likely to be concluded by the buyer and seller of a good or service that is available for purchase. The economic concept of value reflects a market view of the benefits that accrue to one who owns and might want to sell the good or services as of the effective date of valuation.

In contrast, the same value reflects a market view of the benefits that may accrue to one who intends to own and buy the good or services as of the effective date of valuation. The two parties are acting knowledgeably and without compulsion to exchange the good or service at an agreed price in an open market. This is known as open market value in valuation profession, but defined as fair value in accounting profession.

IPSAS 17, (2018) recognizes that the fair value of items of property is usually their market value and determined from market-based evidence by appraisal, that is, valuer; and a valuer is a member of the valuation profession who holds a recognized and relevant professional qualification. For instance, a valuer in Nigeria is, according to Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON), any person engages in the profession of estate surveying and valuation and registered with the Estate Surveyors and Valuers Registration Board of Nigeria under Decree No. 24 of 1975, now CAP 111 LFN 1990. What is valuation?

Property valuation has been likened to both an art and a science of estimating the open market value or the prediction of the most likely selling price of interest in land (Ratcliffe, 1978; Ratcliff, 1967; Millington, 1988; Ajayi, 1988; Baum and Crosby, 1995; Baum, 1998; David and Terry, 2000 and Aluko, supra). Valuation of assets is done to serve a purpose or many purposes at a time. A valuer is called upon to give his opinion on the value of many differing types of interest, for many differing purposes (Johnson, Davies & Shapiro, 2005).

These purposes include inclusion in the balance sheet or other accounts, being incorporated in a prospectus when the company is going public and in the financial and annual statement reports, improvement of current status, insurance, auditing, mortgage, sales/purchase, privatisation and commercialisation, contemplation of merger, takeovers and split-up, capital adequacy determination, risk management, winding-up of the enterprise, bankruptcy and liquidation cases.. Others include ownership allocation litigation such as marital dissolution cases and dissenting shareholder rights and shareholder oppression cases, deprivation analysis such as condemnation, expropriation, or eminent domain actions, ad valorem property tax and recently in Nigeria for capitalization (Reilly, 2015).

Thus, valuation of company's assets aids management of companies to have true value of their assets. It also presents the managers and owners of an existing company the opportunity to make their analysis and reach decisions that are suitable to the investors at any particular period of time.

Fixed assets – land and buildings, plants and machinery, motor vehicles, furniture, fixtures and fittings, tools and equipment and goodwill, an intangible assest, are more commonly subjects of valuation. Valuation is more complex when it comes to asset valuation for corporate entities which are unique in terms of assets possessed, location, types, interests subsisting therein, conditions and uses. The valuation approach, therefore, varies from one situation to another leading to various methods of valuation.

With the introduction of new accounting standards (IFRS IAC 16 in 2017 and IPSAS 17 in 2018) of fair value model, which have called for sufficient regularity in the revaluation of company's assets, the valuer is increasingly engaged in up-dating the assest side of the balance sheet. This enables correct present-day values to be substituted for the existing values, usually calculated on the basis of historic cost (Cullis and Simms, 1992). Accountants always rely on historic cost, while valuers make use of open market value (Singh and Singh, 2004).

But the historical cost principle considers just amounts exchanged in the past. Therefore, it is a measure of the value of the economic resources, that are exchanged, subject to depreciation and due to sudden change in its value, that is, impairment loss. The appreciation value like that of land is then hidden away from company's account.

Valuation of company's assets goes further to take into consideration depreciation and appreciation of concerned assets so as to reflect their current market values with a going-concern assumption. It is expected that the entity will continue to operate for long or indefinitely. It is on this basis, that valuation of corporate assets is carried out for a company that is still in operation .

Comparing equity and real property as assets, scholars believe that, as with asset prices in the equity markets, property asset valuation is central to the inter-related processes of performance measurement, acquisition and disposal decision (Baum et al, 1995). Investors stake their resources in a corporate body to get returns. Patrick (1982) emphasized that when investing funds, it is vital to have a clear objective as to the return to be achieved,, together with some ways of assessing the extent to which these objectives are being obtained. Bondholders and equity owners alike demand more transparency when it comes to asset values (Mangiero, 2004), especially now that there is a plethora of corporate bankruptcies, financial statement problems, and adverse market conditions that put investors at risk.

However, there was considerable skepticism about valuer's ability to fulfill this role in a reliance manner" (Baum et al, supra). But the valuer can deliver reliable value, as he must ensure the "process used in determining value must, among other things, withstand scrutiny and be logically comprehensible" (Peto, French and Bowman, 1996). Valuers must be very open about their valuations and level of uncertainties relating to estimated figures, and must reflect the thought process of clients. At any rate, the figures should be crude indicators of likely selling price in the market.

International Valuation Standard Committee (IVSC) is raised to work out modality, in order to achieve high standard and meet clients' expectations wordwide. Each country's professional body is required to team up with IVSC to ensure compliance with international valuation standard.

2.2 Asset

Asset is a form of property having four elements: ownership; monetary value, legal assertion and transferability. There is right of holding, use as an economic good, enjoyment and alienation. All these are key variables in the valuation of the asset and performance analysis of owner – corporation. Assets are classified into fixed, current and those that are neither fixed nor current, with each having peculiar basis, method and other techniques and procedural requirements, whenever valuation is contemplated (the Companies Act, 1968 as amended by the Companies and Allied Matters Act, 1990 and Ifediora, 1999). Herein asset and property are used interchangeably. Purposely, asset is classified into three as shown in figure 1.

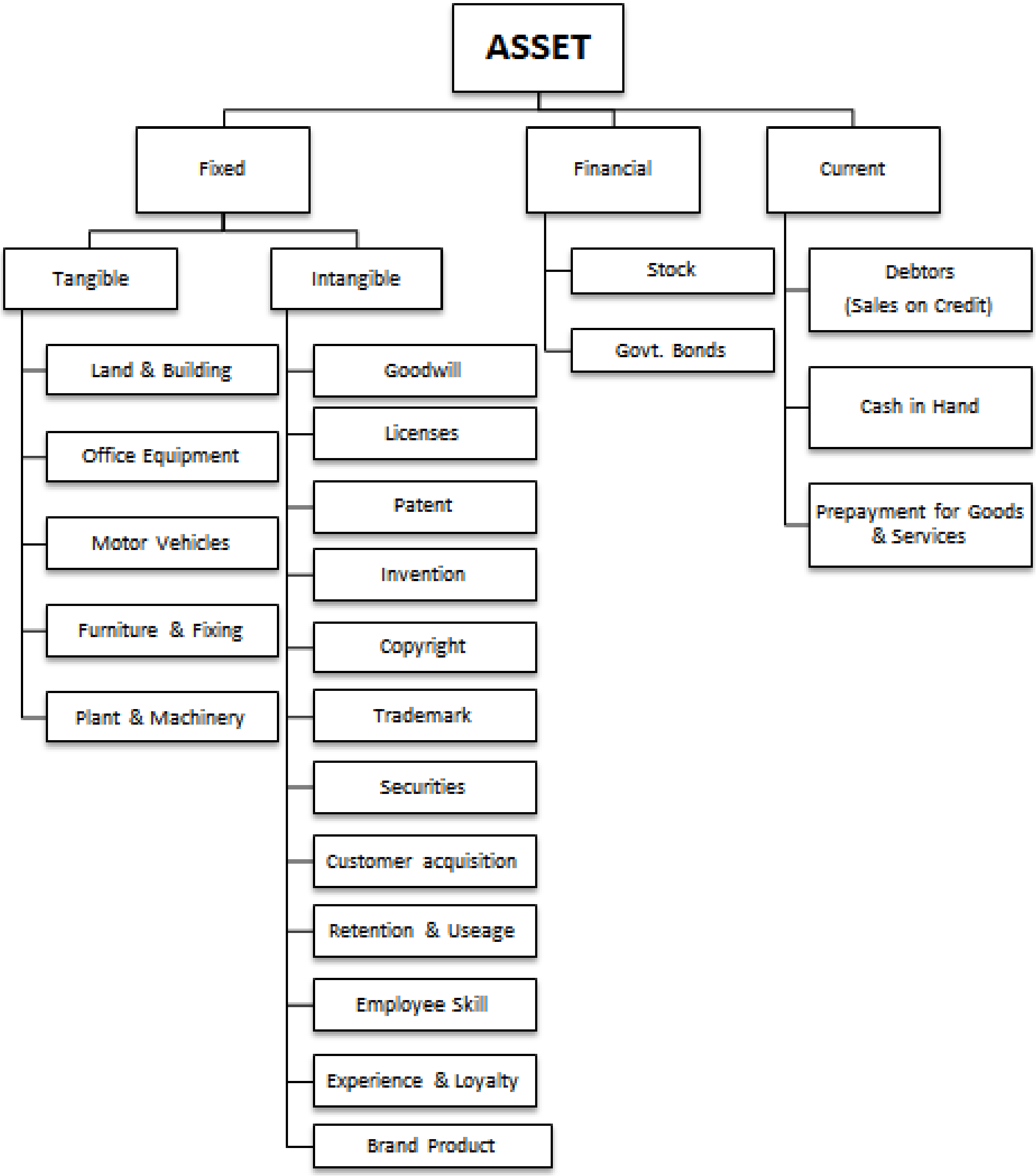

Figure 1: Types of Asset
Source: Authors, 2020.

Fixed asset- is held and used on continuing basis over their useful economic life usually more than one year, unless otherwise decided, for the activities of a company. Fixed does not means physical immobility, so fixed asset can include properties such as motor vehicles, ships, aircraft, etc (Ifediora, supra). It, therefore, includes tangible and intangible. assets such as land and building, office equipment, motor vehicles, furniture and fixtures, plant and machinery are tangible ones while intangible assets include goodwill, licences, patent right, invention, copyright, trademark, securities, customer acquisition, retention and usage, employees' skills, experiences and loyalty and successful reseach undertakings.

Current (floating) asset- is defined as those which represent immediate purchasing power in the form of cash or claims to cash and those which will be converted into purchasing power within a short time in the normal course of the operation of the corporate body. It includes debtors (sales and credits), cash in hand, and cash at bank, payment for goods and services.

Finanacial asset: This includes stock and government bonds invested in by the company.

Only the fixed assets are considered in this work because according to IPSAS 17 of 2018 it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost or fair value of the item can be measured reliably. Thus, the assistance of valuation expert is required to determine their fair values.

2.3 Performance and its Analysis

Investors stake their resources in a corporate body to get returns. Patrick (1982) emphasized that when investing funds, it is vital to have a clear objective as to the return to be achieved together with some ways of assessing the extent to which these objectives are being obtained. Hence, through performance analysis, business operators, fund providers, analysts, economists, etc. commonly study and review current investment arrangements, events and outcomes, and on that basis, the business operators devise alternative programmes of action with their anticipatory effects, from which they make what appears to have most favourable future predictions (Miles, 2016).

Performance analysis means examination of various financial performance indicators of a firm, and ultimately striving at achieving successful implementation of corporate vision as well as strategy in a transparent and goal-focussed manner. The result obtained by each company is often being compared, with that which is obtained by the competing firms of about the same size in the same industry. The result is often compared with that obtained by the competing firms of about the same size, or otherwise in the same industry and locality and beyond local, state, and national shores, especially now that liberalization and globalization of trade have taken their firm roots.

Performance management offers permanent control of all success critical parameters which are incorporated in an early warning system about deviations from set targets. Management is in a position to continuously clarify, re-assess and adjust strategy and process, in order to achieve set objectives. Key performance indicators, clearly defined targets and initiatives as well as timely variance analysis, allow for a permanent optional planning and management process. According to Kolawole, (2006) and Mayo, (2007), popular ratios in use for the purpose of performance analysis include:

(i) *Liquidity ratio:-* This measures the ability of the firm to meet current obligations. It shows the present cash solvency of the firm and its ability to remain solvent in the event of adversities. It includes current ratio, quick asset ratio and networking capital.

(ii) *Profitability ratio:-* This determines the operating efficiency of the firm. Interested in the profitability of the firm are firm's management, owners, creditors, prospective investors, tax and regulatory authorities. It is a measure of efficiency.

(iii) *Return on Equity Ratio* which is net profit (after tax) divided by Total Equity Funds provides a basis for assessing the shareholders relative well-being from alternative investiment. It measures the efficiency to which the owners' funds are employed.

(iv) *Return on Capital Employed*, that is, Net Profit Before Interest and Tax (N. P. B. I. T.) divided by Net Total Asset multiplied by 100 is a suitable way of comparing the efficiency of capital in two or more firms.

(v) *Investment Ratio:-* This contains such ratios as Earning Per Share (EPS), earning yield or Earning- price ratio and Price-Earning or Price-Earning Multiple. They are important to both potential and existing investors who are interested in making the best allocation of their investment funds by relating profitability to the share of such firm.

(vi) *Gearing Ratio:-* This is an indicator of the extent to which the firm has relied on debt in financing its assets. The computation is done from either balance sheet or income statement items. The ratios including Debt Ratio, that is, total debt divided by total assets. Another one is Capital Gearing Ratio, that is, total long term loans divided by equity funds.

(vii) Activity Ratios:- Activity or Asset Utilization Ratios are employed to evaluate the efficiency with which the firm manages and use its assets. Examples include total asset turnover, that is, sales over total assets. Others are *Stock Turnover, Debtor Turnover and Average Collection Period.*

Importances of company performance analysis to stakeholders in investment/economy are discussed below. It provides valuable insight into the investment characteristics and behaviour of the various assets included in the portfolios. It expresses in quantitative terms, the degree of achievement against a set of objectives and targets. The shortfall or excess, relative to the targets, can then be analysized to deduce explanations, from which useful conclusions can be drawn for decision making. It enables evaluation of true contribution, good or bad, of the different assets and sub-portfolios to the general investment portfolios.

Today's markets are more dynamic and unprecedented than ever. A consistent strategy and continuous access to corporate performance indicators, are required to meet this challenge. Bondholders and equity owners alike demand more transparency, when it comes to asset values, especially now that there is a plethora of corporate bankruptcies, financial statement problems, and adverse market conditions that put investors on edge (Mangiero, 2004).

3.0 FINANCIAL STATEMENTS AND VALUATION OF ASSETS FOR PERFORMANCE ANALYSIS

Informatiom relating to the financial position of an enterprise is presented in a balance sheet, while disclosures about operating results are displayed in a profit and loss statement. Information relating to an organisation's liquidity—namely, how it obtains and spend cash—is shown on a statement of cash flows. These three financial statements provide information about past performance, which in turn becomes a basis for readers to try to project what might happen in the future. The balance sheet provides information about an organisation's assets, liabilities, and owners' equity as of a particular date—namely, the last day of the accounting or fiscal period. The format of the balance sheet reflects the basic accounting equation: assets equal equities. Financial accounting disseminates information to parties that are not part of the enterprise proper, such as stockholders, creditors, customers, suppliers, regulatory commissions, financial analysts, and trade associations.

Such information relates to the financial position, the liquidity, and the profitability of an enterprise. Whereas financial statements of financial accounting target the basic information needs of most external users, the traditional function of financial reporting was to provide business owners with information about their company.

Therefore, fixed assets values are shown in financial statements, especially company accounts, which are published in the form of a balance sheet and profit and loss acount together with director's report and chairman's statement. Profit and loss statement may make reference to the valuation, or to future potential of properties which are not fully reflected in the current values and could be subject of performance analysis.

With the introduction of new accounting standards (IFRS IAS 16 in 2017), that is, revaluation model that emphasizes that revaluation shall be made regular-enough, the valuer would increasingly be engaged in up-dating the assest side of the balance sheet. This enables correct present-day known as open market values, or fair values to be substituted for the existing values, which may well have been calculated on the basis of historic cost (Cullis and Simms, 1992). Historical cost is not variable due to demand and supply of a particular item or development of the area. It is on this basis, that it is not applicable to all types of property (Singh and Singh, supra). More so, land hardly depreciates, but instead always appreciates in value, but recorded in financial report at its purchase or cost value, thus understating its fair value which then creates hidden asset (Mayo, 2007).

The market value of real estate is a represeentation of its market-recognized utility rather than its purely physical status. The utility of an asset to a given enterprise or individual may differ from that, which would be recognized by the market or by particular industry.

Therfore, it is necessary that asset valuation and reporting for accounting, under the new accounting convention, which reflects the effects of changing prices, distinguish between values recognized in the market, which should be reflected in financial reporting, and non-market types of values (International Valuation Standard Committee, 2003).

4.0 SUMMARY AND DEMONSTRATION OF ROLES OF VALUATION IN PERFORMANCE ANALYSIS

4.1 Summary of Roles of Valuation in Performance Analysis

1. Value of assets is reflected in the balance sheet of company and hence becomes an important tool of performance analysis, which relies on total value of investment in arriving at logical decisions, recommendations and conclusions.
2. Valuation produces current figures or values of assets and not historical cost, given by accounts, that relates to the past time of the business.
3. Correct values of assets would lead to sound performance analysis that lead to reliable comparison of a business, between two different periods of time and businesses either within the same industry and/or in different industries, regardless of their products and/or financial capacities.
4. It takes proper note/notice of demand for and supply of the assets in question, that is, its market recognized utility as at the time of the valuation, and not only its physical condition.
5. The point in (4) above engenders soundness of valuation and values of the assets, which could be reliably used by parties to business transaction as well as analysists and regulators. For example, sellers and buyers, fund providers, and borrowers, business partners, etc.
6. It is very vital to business decision making and performance analysis and economic welfare of man. Economic meltdown of 2007/2008 in USA that affected the whole world was a bitter lesson that business man and women should not use inaccurate figures or values in decision making process.
7. An incorrect valuation of the assets, for example, will throw up a false figure of profit or loss. An incorrect value of fixed assets, particularly of land and buildings, will result in an inaccurate assessment of the net assets employed, which will then throw out frivolous performance figures based upon them. The nature and extent of the fixed assets will affect the ability of the business to raise finance.
8. Where for example, the business concerned owns property, adequate security is probably available against which debentures can be issued. For this, it is highly necessary that there shall be a reasonable margin of assets value over the loans secured upon them. Historical cost or value is too backward to produce the reliably up-to-date value. Hence, periodic valuation exercise addresses this shortcoming.

4.2 Demonstration of Roles of Valuation in Performance Analysis

1. Ratios or measurement parameters that make use of assets that are usually valued by Estate Surveyor and Valuer include profitability ratio that is, return on capital employed and leverage ratio that is debt ratio.

Return on Capital

$$= \frac{Net\ Profit\ Before\ Interest\ and\ Tax\ (NPBIT)}{Net\ Asset\ Employed\ (NAE)} \text{ X } \frac{100}{1}$$

This measures efficiency of capital. It is therefore a suitable way of comparing the efficiency of capital employed in two or more firms. The investors whether intending or existing can use this ratio to decide where to take to or invest his/her fortune.

If NPBIT is ₦27, 000, 000.00 and NAE is ₦50, 000, 000.00.

Calculation of Return on Capital = $\frac{\text{NPBIT}}{\text{NAE}}$

$$= \frac{27{,}000{,}000}{50{,}000{,}000} \text{ X } \frac{100}{1} = 54\%$$

2. Debt Ratio: Debt ratio measures the proportion of debt in total financing of the business. It is used by long term lenders to assess the extent to which their funds are exposed to risk as they are concerned with the firm's financial strength. This and other gearing ratios indicate the extent to which the firm has relied on debt in financing its assets. Short term creditors, such as bankers and suppliers of raw materials are mostly concerned with the firm's current debt – paying ability.

Calculation:

If the total debt is ₦1, 440, 000 and total assets is ₦2, 940, 000 what is the debt ratio?

Debt Ratio = $\frac{Total\ Debt}{Total\ Asset} \times \frac{100}{1}$

$$= \frac{1{,}440{,}000}{2{,}940{,}000} \times \frac{100}{1} = 49\%$$

3. Working Capital Ratio: This indicates relative liquidity of total assets. It measures the firm's potential reservoir of funds. The net worth or total capital employed of company is the excess of its assets over its liabilities. In other words, it is the total of the fixed assets plus the net current assets. It is also the same as the proprietor's/' (or shareholders') original capital plus the total of the accumulated profits or less accumulated losses. It is used to appraise the business as a whole and to compare it with others investments. The average standard of judgement or gauge ranges between 1 and 3 (Mayo, 2007).

$$\text{WCR} = \frac{Current\ Assets - Current\ Liabilities}{Asset} \times \frac{100}{1}$$

If the current assets worth ₦13, 000, 000 current liabilities amount to ₦4, 000,000 and total assets amount to ₦300,000,000, then

$$\text{WCR} = \frac{Current\ Assets - Current\ Liabilities}{Asset} \times \frac{100}{1}$$

$$\text{WCR} = \frac{₦13{,}000{,}000 - ₦4{,}000{,}000}{₦300{,}000{,}000} \times \frac{100}{1}$$

$$\text{WCR} = \frac{9{,}000{,}000}{300{,}000{,}000} \times \frac{100}{1} = 3\%$$

Therefore assets' valuation is central to the interrelated process of performance measurement (Baum et al, supra). Holding property to the business needs to be measured against that which equity could achieve both within the business and elsewhere (Aluko, Ajayi and Amidu, 2005).

4.3 Limitations of Valuation for Financial Reports

Subjectivity of asset valuation procedures is one of the reasons for the limitations of valuation (Hargitay and Yu, 1995) because 'valuation is a prediction of price in an imperfect market which adequately recognizes the existence of uncertainty' (Aluko, 1998). There are variations and inaccuracy of valuation of a property for the same purpose by different valuers. Even, literature is awashed with incriminating evidences that valuers sucumb to clients' influence, which affects values as well as reliability of the valuation (Baum, Crosby, Gallimore, McAllister, Gray, 1995, 2000, Levy and Schuck, 2005, Achu, 2011, Ashaolu and Olaniran, 2015 2016). This poses a great concern to the professional valuers and their clients around the globe. But it is only resulting from human error and could be overcome easily.

Companies regard property as an active part of the company that should be as responsive as other parts of the business. The value of holding property to the business needs to be measured against return that equity could achieve elsewhere. However, a growing perception amongst business occupiers is that valuations do not provide the right information to business premises occupiers. This has arisen partly because business owners do not recognize the valuers' strategic role. They see him providing a single valuation service, an estimation of market value for purchase/sale decisions and corporate disclosure (Colborne, 1992; Wyatt, 2001; Aluko, Ajayi and Amidu, 2005).

4.4 Corrective Measures on Valuation for Financial Reports.

"Valuation of Company Property Assets: Information in Prospectuses and Circulars" and "Valuation of Company Asset: principles to be observed when valuations are to be incorporated in company accounts or Director's Report" were published by the Assets Valuation Standards Committee of Royal Institutio of Chartered Surveyors (RICS, 1973, 1974). They are known as the Red Books and serve as The Guidance Notes on the Valuation of Assets which is a codification of rules for good valuation practice.

The principal purpose of producing these Guidance Notes, is to give confidence to the public in the quality of valuations being undertaken by members of the profession. It, therefore, has the following objectives:

- To produce consistencies of approach in the preparation of valuation, which assists shareholders, brokers, analysts, and others when comparing one company with another.
- To provide "a level playing field", at least so far as asset valuations are concerned, in takeover bids, by ensuring that both sides work to a similar set of principles.
- To ensure that information provided to anyone who might rely upon published financial statements incorporating valuation is not misleading.

The valuers are persuaded to work to these standards and in 1990, chartered surveyors voted in favour of a bye law, requiring that all members concerned with the preparation of valuations, which are to be referred to in public documents, should state that they complied with these rules or alternatively, make a statement in what respects their valuation approach differs from the accepted rules and give reasons for that divergence. In addition, Nigerian Institution of Estate Surveyors and Valuers as an active member of International Valuation Standard Committee, is working to ensure that acceptable valuation standard is achieved in the country. It published in 2019 its green book to guide members and subsequently trained lecturers who teach valuation in tertiary institutions across the country on the use of the said book.

5.0 CONCLUSION AND RECOMMENDATIONS

In conclusion, appropriate financial reports and performance analysis of corporate entity is imperative in modern business engagements and the importance of assets' valuation for this purpose is highly invaluable hence valuers and consuming public should acknowledge this right now. To this end, the paper recommends as follows:

1. In line with IFRS 16, all companies are implored to conduct valuation of their assets periodically, at least every five years or less, in tune with dictates of prevalently economic indices, in order to get fair value or current open market value of their corporate assets. This will counterbalance infamous effects of incongruent wear and tear (depreciation) and inflation that always plague function and value of asset.
2. Valuers must be purely transparent in their dealings, to ensure that information provided is accurate and not misleading. Professional bodies have been playing important roles in this regard and must continue, as they have positive means of conducting their affairs in an attempt to reach perfection.
3. Regulatory bodies and monitoring authorities must be fully awake to their responsibilities at all times, to discover problem at early stage and before it blooms into full scale event, in order to take appropriate action to curtail it.
4. To enhance standard at all times, research undertaking on valuation is hereby advocated for sponsorship, on regular basis, by the international and regional bodies, such as World Bank, African Development Bank, etc., that are concerned with economic development and wellness of mankind as well as governments and professional bodies.
5. Punitive measures that have been set by professional bodies of valuers must be strictly applied to punish erring members in order to serve as deterrent to others, with the hope of maintaining the level of valuation standard.
6. Advice is hereby made that the existing collaboration between valuers and accountants should be sustained in order to identify and address the grey areas as well as improve upon the common achievements.

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