

# Asset valuation

# Why valuing assets is important?

- To allow the calculation of wealth, or net worth

Net worth = Non financial and financial assets owned – outstanding liabilities

- To calculate gender differentials in wealth measures
- Reflects both quality and quantity of women's and men's asset holdings that are not revealed by prevalence measures

# How should assets be valued?

- Principles:
  - Assets should be valued at current market prices
  - Recorded at current values
  - Assets should be valued at consistently across assets
    - Potential sales value approach: *If this [asset] were to be sold today, how much could be received for it?*
  - Assets should be valued item by item

# Asset valuation – Alternative methods

1. Collect acquisition prices and the year when the asset was acquired, then adjust the value using price indices
2. Collect current acquisition value of an equivalent new asset, less the accumulated depreciation
3. Using administrative sources to impute asset values

# Which assets should be valued?

Two recommended approaches:

1. Value all assets
2. Value priority assets in which bulk of wealth is stored
  - In principle, valuation data should be collected for **all assets** to understand distribution of wealth by gender across full population
  - However, countries may consider valuing **priority assets only** given operational challenges of valuing smaller assets

# Who should provide values?

If one randomly-selected household member is interviewed:

- The respondent provides the value of the assets that he or she owns

If more than one household member is interviewed:

- The valuation is obtained at the household level from a knowledgeable person capable of constructing a roster of household assets.

Financial assets should always be valued by their owners.

# Valuation of specific assets

- Dwellings and other structures
- Land
- Agricultural Equipment
- Livestock
- Financial Assets
- Liabilities
- Consumer durables
- Valuables

# Summary principles/recommendations

- Assets should be valued item by item at current market prices
- The method of valuation should be consistent - provide metadata
- If sales markets exist, use the potential sales value method.
  - If not, consider alternative methods presented
- Attempt to value all assets, countries may consider valuing only the major assets.
- One randomly selected person interviewed
  - The same respondent provides the valuation
- More than one randomly selected person interviewed
  - Valuation of non-financial assets provided by a knowledgeable person