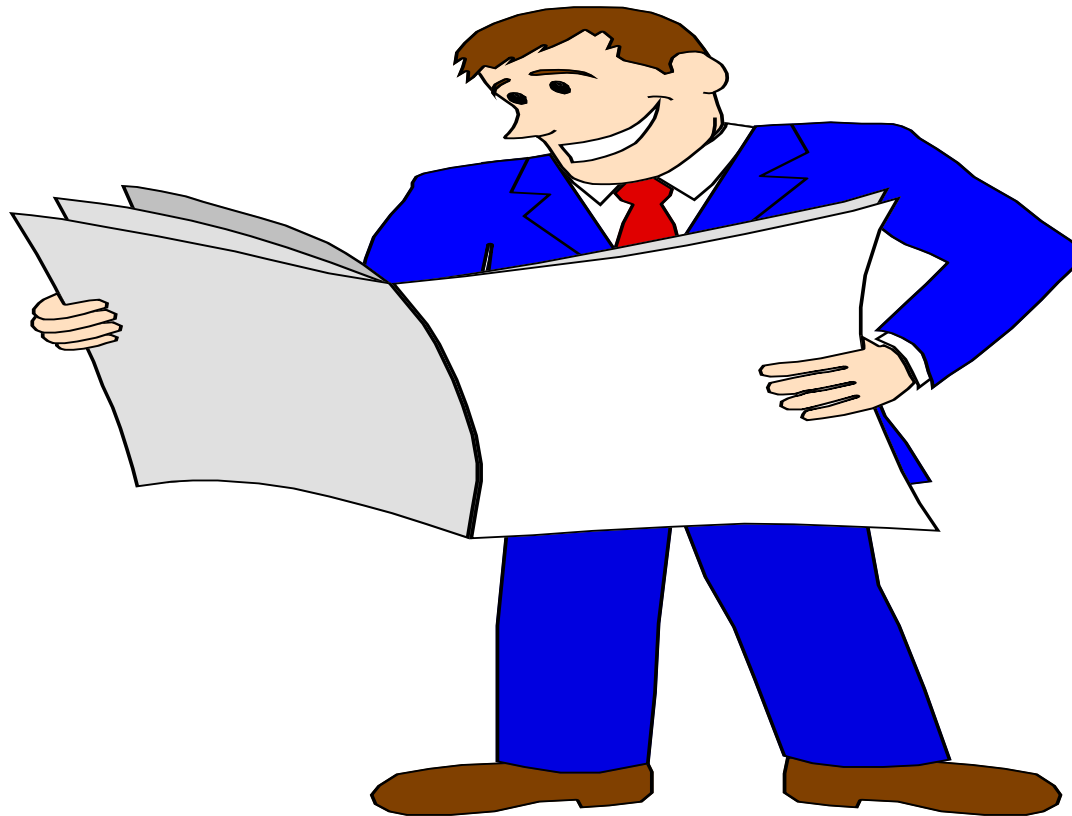


PROPERTY & SUPPLY  
MANAGEMENT SYSTEM  
(DISPOSAL AND APPRAISAL  
OF  
GOVERNMENT PROPERTIES)

# APPRAISAL/VALUATION



PAGBA 1st Quarterly Seminar and Meeting  
February 9 , 2018 : The Mansion, Iloilo City

Revised GUIDELINES  
on Appraisal of Government Properties  
except Real Estate, Antique Property and  
Works of Art

# OBJECTIVES

- To achieve uniformity and consistency in the conduct of appraisal of government property for disposal.
- To promote facility in the computation of appraised values.
- To attain more realistic valuations of property under disposal based on the actual state or conditions of properties being disposed of.
- To provide a reliable basis of ensuring that government recovers a fair return from the disposal of its properties.

# SCOPE & LIMITATIONS

- These guidelines describe the general procedures on the appraisal of government properties for disposal of National Government Agencies and Instrumentalities, Local Government Units and Government-Owned and/or Controlled Corporations and their subsidiaries, except works of art, antique property and real estate. Antique property and works of art shall be appraised by the National Museum, and real estate shall be appraised under a separate set of guidelines.

# The Appraisal Process in general consists of:

- conducting an ocular inspection of the property to be appraised to assess its physical condition and to determine condition rating.

# Appraisal Process

1. Conduct inspection
2. Seek reference price information
3. Compute the appraised value

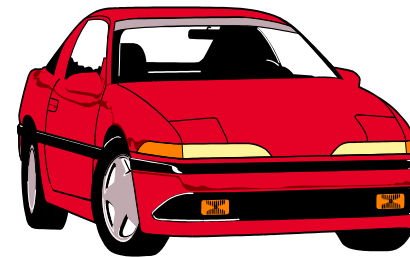


## Inspection



to establish the existence and condition of the property / asset

to supplement theoretical computation of value with first-hand observation



# The Appraisal Process in general consists of:

- Seeking reference price information such as:
  - acquisition cost, or
  - current market price of similar property, or
  - replacement cost for a similar new property;
  - prices from second hand rebuilders and reconditioners of machinery, cars or equipment;
  - currency exchange rates for acquisition year and current year.



# The Appraisal Process in general consists of:

- Computing the appraised value by following the revised formulae on appraisal of government properties except real estate, antique property and works of art contained in Section 5.0 hereof, which will take into account the :
  - property's actual physical condition,
  - the relevant reference price information,
  - expected useful life of the property, and
  - the changes in the value of the property caused by depreciation, obsolescence, and those caused by changes in the value of the exchange currency, the peso, and also appreciation in the value of the property occasioned by the reconditioning, major repair or upgrade of the property as well as favorable changes in the exchange value of the Philippine peso

# Determination of Condition Rating of Property

# Guidelines in observing Condition of Property

Very Good (VG), 80-100% - being used to its fully specified purpose w/o being modified

Good (G), 55-75% - being used near its fully specified utilization, with minor repair

Fair (F), 35-50% - below its fully specified utilization, requires general repair / replacement of minor parts

Poor (P), 15-30% - below its fully specified utilization, needs extensive repair/replacement of major components

Scrap (S), 0-10% - unserviceable / cannot be utilized to any practical degree regardless of modification or repair

For Corporate/Local Sectors / For National Sector

(CF of Missing Property - 100%) / Sec 41.c, p 201, GAM, Vol.1

PAGBA 1st Quarterly Seminar and Meeting

February 9, 2018 - The Mansion, Iloilo City

(Depreciated Replacement Cost)

# Determination of the Appraised Value

# Determination of the Appraised Value

- Unserviceable property which can no longer be repaired or reconditioned and waste materials shall be appraised at scrap or junk value.

# Determination of the Appraised Value

- Unserviceable property which can still be repaired or reconditioned, and property no longer needed which are still functional, shall be appraised based on the following:
  - It shall be appraised on the Current Market Value (CMV), if such is available
  - If CMV is not available, it shall be appraised on its Replacement Cost-New (RCN)
  - If CMV and RCN are both not available, the property shall be appraised on its Acquisition Cost (AC). If the property at the time of acquisition is “brand new”, adjust against observed condition at the time of appraisal. If the property was acquired “second hand”, condition at date of acquisition must be defined before any adjustment is made

# Determination of the Appraised Value

- The determination of Salvage Value of component/part of an asset found to be serviceable shall be appraised based on the hierarchy under the above conditions (unserviceable property which can still be repaired or reconditioned, and property no longer needed which are still functional)
- For imported vehicles/mechanized equipment, each component that has no available local replacement shall be treated as junk exclusive of the other components which are available in the domestic market.

Revised Formulae  
on Appraisal of Government Properties  
except Real Estate, Antique Property and  
Works of Art



# REVISED FORMULAE ON APPRAISAL OF GOVERNMENT PROPERTIES

- **When property is still operational/functional or can be repaired:**
  - When Current Market Value of a comparable data is available

$$AV = CMV \times \frac{CF 1}{CF 2}$$

*where:*

AV	-	Appraised Value
CMV	-	Current Market Value
CF1	-	Condition Factor of the Property being appraised
CF2	-	Condition Factor of the Advertised/Canvassed Property

# REVISED FORMULAE ON APPRAISAL OF GOVERNMENT PROPERTIES

- **When property is still operational/functional or can be repaired:**

- When Replacement Cost-New is available

A. When the Estimated Useful Life of the equipment is available

$$AV = RCN \times \frac{ERUL}{EUL}$$

*where:*

RCN - Replacement Cost - New

ERUL - Effective Remaining Useful Life

EUL - Estimated useful Life (Table 2)

# REVISED FORMULAE ON APPRAISAL OF GOVERNMENT PROPERTIES

- **When property is still operational/functional or can be repaired:**
  - When Acquisition Cost is available

## A. For Imported Properties

$$AV = (AC \times CFF) \times CF$$

where:

*AC* - Acquisition Cost

*CFF* - Currency Fluctuation Factor

*P/dollar exchange rate on year of appraisal*

$$CFF = \frac{\text{P/dollar exchange rate on year of appraisal}}{\text{P/dollar exchange rate on year of acquisition}}$$

*CF* - Condition Factor of the Property

# REVISED FORMULAE ON APPRAISAL OF GOVERNMENT PROPERTIES

- **When property is still operational/functional or can be repaired:**
  - When Acquisition Cost is available

## B. For Locally Manufactured Properties

$$AV = (AC \times PIF) \times CF$$

*where:*

*PIF* - *Price Index Factor*

*CF* - *Condition Factor of the Property*

$$PIF = \frac{\text{Price Index on year of appraisal}}{\text{Price Index on year of acquisition}}$$

# REVISED FORMULAE ON APPRAISAL OF GOVERNMENT PROPERTIES

- **For waste materials and property which are unserviceable and can no longer be repaired/reconditioned :**

$$AV = \text{Junk Value}$$

**Note: Junk Value is based on prevailing price of scrap metal or lumber, whichever is appropriate**

# Illustrative Examples

# **A. When Current Market Value (CMV) of a comparable data is available**

Given: Based from the data contained under the Inventory and Inspection Report of Unserviceable Property (Annex A1)

Property Description:

Mitsubishi L-200 D/Cab Pick-up, Diesel Fed Model  
1995, Silver Gray, Loaded, w/Stepboard & Bedliner

Plate No. UFC 963, Engine No. 4D56A-D5940

Chassis No. K14TJUNSL-010751

Acquisition Date: AD = December 16, 1995

Acquisition Cost: AC = P495,000.00

Date of Appraisal: June 26, 2000

# **A. When Current Market Value (CMV) of a comparable data is available**

Given: Based from the data contained under the Inventory and Inspection Report of Unserviceable Property (Annex A1)

Property Description:

Mitsubishi L-200 D/Cab Pick-up, Diesel Fed Model  
1995, Silver Gray, Loaded, w/Stepboard & Bedliner

Plate No. UFC 963, Engine No. 4D56A-D5940

Chassis No. K14TJUNSL-010751

Acquisition Date: AD = December 16, 1995

Acquisition Cost: AC = P495,000.00

Date of Appraisal: June 26, 2000



**CHECKLIST FOR UNSERVICEABLE EQUIPMENT:****VEHICLES/HEAVY EQUIPMENT**

Equipment Description/Type Mitsubishi L-200 Prop.No. Plate No. UFC - 963  
 Unit Serial No. K14TJUNSL-010751 Engine Serial No. 4D56-D5940  
 Acquisition Cost P 495,000.00 Date December 16, 1995  
 Date Reported as Unserviceable \_\_\_\_\_

## LEGEND:

S = Serviceable  
 M = Missing

X = Unserviceable  
 NA = Not Applicable

## ENGINE:

Operating Condition	<u>S</u>
Injection Pump Assembly	<u>S</u>
Injection/Nozzle Assy.	<u>S</u>
Fuel Pump Assembly	<u>S</u>
Cylinder Head Assembly	<u>S</u>
Water Pump Assembly	<u>S</u>
Radiator Assembly	<u>S</u>
Air Cleaner Assembly	<u>S</u>
Carburetor Assembly	<u>NA</u>
Governor Assembly	<u>NA</u>
Turbo Charger	<u>NA</u>
Oil Cooler Assembly	<u>NA</u>
No. of Cylinders	<u>4</u>

## ELECTRICAL

Generator/Alterator Assembly	<u>S</u>
Starter Assembly	<u>S</u>
Voltage Regulator Assy.	<u>S</u>
Solenoid Assembly	<u>NA</u>
Ignition Coil Assy.	<u>NA</u>
Magneto	<u>NA</u>
Distributor Assembly 2/cap , rotor	<u>NA</u>
Wiper Assembly	<u>S</u>
Headlight Assembly	<u>S</u>
Stop & Tail Light Assy.	<u>S</u>

## SUSPENSIONS:

FrontSpringAssembly	<u>S</u>
RearSpringAssembly	<u>S</u>

## WHEELS:

Tires Front	<u>S</u>
Tires Rear	<u>S</u>
Spare Tire	<u>S</u>

## PROPELLER SHAFT ASSY.:

Front	<u>NA</u>
Rear	<u>S</u>

## DIFFERENTIAL ASSY.:

Front	<u>NA</u>
Rear	<u>S</u>

## FINAL DRIVE

Sprocket Assembly	<u>NA</u>
Drive Chain	<u>NA</u>

## UNDERCARRIAGES:

Track Link Assembly	<u>NA</u>
Idler Assembly	<u>NA</u>

PAGBA 1st Quarterly Seminar and Meeting  
 February 9 , 2018 : The Mansion, Iloilo City

Directional Light Assy. (front & rear)	<u>S</u>
Battery	<u>S</u>
CLUTCH ASSEMBLY	<u>S</u>
CUSHIONS:	
Front Seat	<u>S</u>
Rear Seat	<u>S</u>
Operator's Seat	<u>S</u>
GAUGES:	
Hour/Service Meter	<u>NA</u>
Speedometer	<u>S</u>
Tachometer	<u>NA</u>
Temperature Gauges (water)	<u>S</u>
Oil Pressure Gauges	<u>S</u>
Converter oil Temperature Gauges	<u>NA</u>
BRAKE SYSTEM:	
Master Cylinder Assembly	<u>S</u>

STEERING SYSTEM:	
Power Steering System	<u>S</u>
Steering Clutch Assembly with Disc Plate & Brake Lining	<u>S</u>

ACCESSORIES:	
Dozer/Blade Assembly	<u>NA</u>
Cutting Edges	<u>NA</u>
Dragline Bucket	<u>NA</u>
Backhoe Bucket	<u>NA</u>
Fairlead assembly (for crane)	<u>NA</u>
Compressor	<u>NA</u>
Boom Assembly	<u>NA</u>
Lifting Block	<u>NA</u>

Track Adjuster Assy.	<u>NA</u>
Track Roller Assy.	<u>NA</u>
Carrier Roller Assy.	<u>NA</u>
TORQUE CONVERTER	<u>NA</u>
BODY/CAB/FENDERS	<u>S</u>
WINDSHIELD (Front)	<u>S</u>
FUEL TANK ASSEMBLY	<u>NA</u>
HYDRAULIC SYSTEM:	
Hydraulic Pump Assembly	<u>NA</u>
Hydraulic Motor Assembly	<u>NA</u>
Hydraulic Hoses	<u>NA</u>
Control Valve Assembly	<u>NA</u>
Hydraulic Cylinders	<u>NA</u>
TRANSMISSION ASSEMBLY	<u>NA</u>
TRANSFER CASE ASSEMBLY	<u>NA</u>
WINDSHIELD (rear)	<u>S</u>
FUEL TANK ASSEMBLY	<u>S</u>

Ripper Assembly	<u>NA</u>
End Bits	<u>NA</u>
Clamshell Bucket	<u>NA</u>
Ditching Bucket	<u>NA</u>
Tagline Assembly (for crane)	<u>NA</u>
Cables	<u>NA</u>
Boom Pulley	<u>NA</u>
Others	<u>NA</u>

**REMARKS:**

Fuel Injection Assy - for minor overhaul

---

Left Rear Side & Rear Bumper - with dents and scratches

---

Body of unit needs paint wash-over

---

Odometer Reading = 69,000  
kms

---

**Inspected  
by:**

JUAN DELA CRUZ

---

(NAME)

Sr. TAS

---

(DESIGNATION)

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**CHECKLIST FOR UNSERVICEABLE EQUIPMENT:**  
**VEHICLES/HEAVY EQUIPMENT**

Equipment Description/Type L-200 1995 Model Prop.No. Plate No. UDR - 680Unit Serial No. K14TYPSE-839716 Engine Serial No. 4D56-D6785Acquisition Cost P 495,000.00 Date October 19, 1995Date Reported as Unserviceable Comparable Property

## LEGEND:

S = Serviceable

M = Missing

X = Unserviceable

NA = Not Applicable

## ENGINE:

Operating Condition	<u>S</u>
Injection Pump Assembly	<u>S</u>
Injection/Nozzle Assy.	<u>S</u>
Fuel Pump Assembly	<u>S</u>
Cylinder Head Assembly	<u>S</u>
Water Pump Assembly	<u>S</u>
Radiator Assembly	<u>S</u>
Air Cleaner Assembly	<u>S</u>
Carburetor Assembly	<u>NA</u>
Governor Assembly	<u>NA</u>
Turbo Charger	<u>NA</u>
Oil Cooler Assembly	<u>NA</u>
No. of Cylinders	<u>4</u>

## ELECTRICAL

Generator/Alterator Assembly	<u>S</u>
Starter Assembly	<u>S</u>
Voltage Regulator Assy.	<u>S</u>
Solenoid Assembly	<u>NA</u>
Ignition Coil Assy.	<u>NA</u>
Magneto	<u>NA</u>

## SUSPENSIONS:

FrontSpringAssembly	<u>S</u>
RearSpringAssembly	<u>S</u>

## WHEELS:

Tires Front	<u>S</u>
Tires Rear	<u>S</u>
Spare Tire	<u>S</u>

## PROPELLER SHAFT ASSY.:

Front	<u>NA</u>
Rear	<u>S</u>

## DIFFERENTIAL ASSY.:

Front	<u>NA</u>
Rear	<u>S</u>

## FINAL DRIVE

Sprocket Assembly	<u>NA</u>
Drive Chain	<u>NA</u>

PAGBA 1st Quarterly Seminar and Meeting  
February 9 , 2018 : The Mansion, Iloilo City

Distributor Assembly	NA
2/cap , rotor	S
Wiper Assembly	S
Headlight Assembly	S
Stop & Tail Light Assy.	S
Directional Light Assy. (front & rear)	S
Battery	S
CLUTCH ASSEMBLY	S
CUSHIONS:	
Front Seat	S
Rear Seat	S
Operator's Seat	S
GAUGES:	
Hour/Service Meter	NA
Speedometer	S
Tachometer	NA
Temperature Gauges (water)	S
Oil Pressure Gauges	S
Converter oil Temperature Gauges	NA
BRAKE SYSTEM:	
Master Cylinder Assembly	S
STEERING SYSTEM:	
Power Steering System	S
Steering Clutch Assembly with Disc Plate & Brake Lining	S
ACCESSORIES:	
Dozer/Blade Assembly	NA
Cutting Edges	NA
Dragline Bucket	NA
Backhoe Bucket	NA
Fairlead assembly (for crane)	NA
Compressor	NA
Boom Assembly	NA
Lifting Block	NA

UNDERCARRIAGES:

Track Link Assembly	NA
Idler Assembly	NA
Track Adjuster Assy.	NA
Track Roller Assy.	NA
Carrier Roller Assy.	NA
TORQUE CONVERTER	NA
BODY/CAB/FENDERS	S
WINDSHIELD (Front)	S
FUEL TANK ASSEMBLY	NA
HYDRAULIC SYSTEM:	
Hydraulic Pump Assembly	NA
Hydraulic Motor Assembly	NA
Hydraulic Hoses	NA
Control Valve Assembly	NA
Hydraulic Cylinders	NA
TRANSMISSION ASSEMBLY	S
TRANSFERCASE ASSEMBLY	S
WINDSHIELD (rear)	S
FUEL TANK ASSEMBLY	S
Riper Assembly	NA
End Bits	NA
Clamshell Bucket	NA
Ditching Bucket	NA
Tagline Assembly (for crane)	NA
Cables	NA
Boom Pulley	NA
Others	NA

**REMARKS:**

Engine needs top-overhauling

---

Signal lights and Headlight Assy. - not original/Taiwan

---

Needs underchassis repair - brake system & Suspension Assy.

---

Odometer Reading = 97,500 kms.

---

**Inspected by:**

JUAN DELA CRUZ

---

(NAME)

Sr. TAS

---

(DESIGNATION)

Solution:

$$AV = CMV \times \frac{CF_1}{CF_2}$$

$$CMV = P209,000.00$$

Advertised Prices (similar brand and year model from Used Car Dealers):

a) P209,000.00

b) P260,000.00

c) P285,000.00

CF1 = Condition Factor of subject property

CF2 = Condition Factor of comparable property

CF<sub>1</sub> (see attached check list of subject property, Annex C<sub>1</sub>)

<u>Component</u>	<u>%Weight</u>	<u>CF</u>		
Engine	23	0.80	=	0.1840
Transmission	7	0.90	=	0.0630
Differential	5	0.90	=	0.0450
Body / Chassis	35	0.75	=	0.2625
Others	30	0.75	=	0.2250
			Total:	<u>0.7795</u>

CF<sub>2</sub> (see attached check list of subject property, Annex C<sub>2</sub>)

<u>Component</u>	<u>%Weight</u>	<u>CF</u>		
Engine	23	0.60	=	0.1380
Transmission	7	0.85	=	0.0595
Differential	5	0.85	=	0.0425
Body / Chassis	35	0.70	=	0.2450
Others	30	0.40	=	0.1200
			Total:	<u>0.6050</u>



Thus:

$$AV = (P209,000.00) \frac{0.7795}{0.6050}$$

$$AV = P269,282.00$$

say P269,000.00 as of June 26, 2000

## B. When Replacement Cost New (RCN) is available

1. When the Estimated Useful Life (EUL) of the property is available

Given: Same vehicle/property used in the above CMV method

Solution: To determine RCN of the vehicle under appraisal:

The cost of brand new engines for the vehicle available in the market is P100,000.00/unit. Therefore:

<u>Component</u>	<u>% Weight</u>			
Engine	23		1	P 100,000.00
			0.07 (P100,000.00)	
Transmission	7	=	<hr/>	= 30,435.00
			23	
			0.05 (P100,000.00)	
Differential	5	=	<hr/>	= 21,739.00
			23	
			0.35 (P100,000.00)	
Body/ Chassis	35	=	<hr/>	= 152,174.00
			23	
			0.30 (P100,000.00)	
Others	30	=	<hr/>	= 130,435.00
			23	
				<hr/>
			Total:	P 434,783.00
			say:	P 435,000.00
			Add Cost of Assembly, OCM:	65,000.00
			RCN =	<hr/> P 500,000.00

Note: If there are available price data in the market for the other components, use the market data of said components rather than the ratio and proportion applied above.

<u>Component</u>	<u>%Weight</u>	<u>ERUL</u>	<u>EUL</u>		
Engine	23	6	7	=	0.1971
Transmission	7	6	7	=	0.0600
Differential	5	6	7	=	0.0430
Body / Chassis	35	5	7	=	0.2500
Others	30	5	7	=	0.2140
					0.7641

$$AV = (P500,000.00) ( 0.7641)$$

$$AV = P382,050.00 \text{ as of June 26,2000}$$

# **APPRAISAL REPORT**

PAGBA 1st Quarterly Seminar and Meeting  
February 9 , 2018 : The Mansion, Iloilo City

Republic of the Philippines  
XYZ Corporation  
DISPOSAL COMMITTEE  
Manila

APPRAISAL REPORT

As of \_\_\_\_\_

Subject: Appraisal of various properties intended for disposal as listed under attached \_\_\_\_\_ pages/s Inventory and Inspection Report of Unserviceable Property (I & I Report) dated \_\_\_\_\_.

Findings/Observations:

1. The above subject properties were all within the premises of \_\_\_\_\_ and situated separately in different locations within the \_\_\_\_\_.
- 2.

Note: With individual checklist and pictures hereto attached.

Valuation Procedures/Consideration:

1. The condition of the above-subject properties have been assessed thru Ocular Inspection
2. The vehicle was appraised on the basis of the available current market value (CMV) taken from advertised price of used vehicle of the same make and model from \_\_\_\_\_ magazine, \_\_\_\_\_ issue.
3. Determination of the appraised value is based on the COA Revised Guidelines on Appraisal of Property other than a Real Estate, Antique Property and Work of Art.
4. The total appraised value of the above subject properties arrived is P \_\_\_\_\_, broken down as follows:

Item Description

Appraised Value

a.  
b.  
c.

Total Appraised Value

P \_\_\_\_\_

PAGBA 1st Quarterly Seminar and Meeting  
February 9 , 2018 : The Mansion, Iloilo City

Prepared by:

Republic of the Philippines  
XYZ Corporation  
DISPOSAL COMMITTEE  
Manila

APPRAISAL REPORT

As of \_\_\_\_\_

Subject: Appraisal of various properties intended for disposal as listed under attached \_\_\_\_\_ pages/s Inventory and Inspection Report of Unserviceable Property (I & I Report) dated \_\_\_\_\_.

Findings/Observations: **1) SPECIFIC LOCATION OF EACH PROPERTY**

1. The above subject properties were all within the premises of \_\_\_\_\_ and situated separately in \_\_\_\_\_

2. **2) CONDITION OF EACH PROPERTY**

Note: With individual checklist and pictures hereto attached.

Valuation Procedures/Consideration:

1. The condition of the above-subject properties were all within the premises of \_\_\_\_\_ Inspection
2. The vehicle was appraised on the basis of the current market value (CMV) taken from advertised price from \_\_\_\_\_ magazine, \_\_\_\_\_
3. Determination of the appraised value of the property other than \_\_\_\_\_
4. The total appraised value of the properties is \_\_\_\_\_ broken down as follows:

**3) BASED ON CONDITION – VALUATION CONSIDERATION FOR EACH PROPERTY**

a) APPROACH

b) Formula to be used

c) Source of reference data

Item Description

- a.
- b.
- c.

Total Appraised Value

P

**4) COMPUTATION OF A.V. FOR EACH PROPERTY**

# Appraisal/Valuation Report

Documents forming part and to be attached in the appraisal report:

1. Individual Checklist and pictures of the asset. If junk, the checklist is not necessary.
2. Canvass sheets duly signed and indicating therein the complete address/location and land line/cell numbers of the prospective buyers.