VALOR RAZONABLE, VALOR DE REVALORIZACIÓN Y COSTE EN LA VALORACIÓN DE LOS INMUEBLES

EVIDENCIA EMPÍRICA EN EL REINO UNIDO

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**FAIR VALUE, REVALUATION VALUE AND COST IN THE
VALUATION OF PROPERTIES: EMPIRICAL EVIDENCE
IN THE UK**

INTRODUCTION

The credit crisis of 2007 has shown the influence of real estate in the global economic situation, stressing the importance that the valuation of the properties can have on the economy.

Within the international accounting standards issued by the IASB, IAS 16 and IAS 40 regulate, respectively, property, plant and equipment and investment property, and from its pages, three alternative models for the valuation of properties are derived, as are classified: cost model, fair value model and revaluation model.

In the accounting community, standard-setters, countries, companies, academics and researchers, among others, are positioned on cost or fair value, fair value or cost, but most of them seem to forget that there is a third option. The revaluation model is presented as the alternative route for property valuation, which shares most of the advantages attributed to the fair value model but limiting most of the disadvantages argued against.

OBJECTIVES, METHODOLOGY AND RESULTS

The specific aim of our research is to analyze the quantitative impact information in the financial statements of the measurement at fair value model/revaluation model/cost model in the UK real estate value, taking into account the economic situation of the moment.

On a sample of all the companies within the FTSE 100, that valued its investment properties at fair value, we try to verify the hypothesis of our study, that can be summarized as follows: in the boom years, the impact of the three models on the figures from equity and results of the company is significantly different, in times of recession the outcome is random, and in times of depression and recovery are equal.

With the information concerning the movements upward or downward experiencing the fair value of investment property and equity values and the results, we prepared three scenarios for each one of the three valuation models based to which it was made all the statistical study and subsequent hypothesis contrasts.

CONCLUSIONS

The results of the empirical study allow us to formulate the following conclusions.

First, we have found necessary to affirm that the different phases of the economic cycle being experienced by the economy have a direct impact on the numbers of equity and result and, therefore, the quantitative differences derived from empirical evidence the implementation of each of the three models analyzed.

Second, our empirical study has shown that, saving the existing randomness in periods of recession, the quantitative impact on the financial statements arising from the use of different valuation models differ only in boom years. From the analysis of the results we can conclude that during phases of depression and recovery figures for both equity and the results obtained by the three models are the same. Therefore, we must continue to deepen in times of expansion, where the three models are significantly different.

Third, and centered in times of expansion, the results obtained allow us to conclude that during this phase of the economic cycle on the one hand, equity at fair value model coincides with equity at revaluation model, both excess of equity obtained by the cost model, and secondly, that the result at fair value model is higher than in revaluation model and that these latter two are equal between them.

Fourth, as it has been shown that, at least, in times of expansion, the valuation of property on a model or other sheds different results, that leads us to conclude that the distinction between tangible assets and real estate investments is indeed significant. That is, with the results of this research, we can say that there are sufficient differences between property,

plant and equipment and investment property to justify the existence of a separate standard.

Fifth, since, as we have shown, the application of different models have different quantitative effects on information from the financial statements, at least during the stages of expansion of the economy, we conclude that there cannot be different value choices within each standard. A single evaluative criterion for tangible fixed assets and other real estate investments to be adopted, thus favoring neutrality and comparability of financial information and avoiding subjectivity, discretion and opportunism on the part of company management.

Finally, analyzed the findings of the empirical study, based on all the knowledge acquired in the course of this work and taking into account the results of it, we formulate our recommendation on the applicable standard of valuation for each of the different types property. For qualified as tangible property, the cost model is reliable, objective and impartial. And for qualified property as investment property we propose to use the revaluation model. These types of properties are owned to earn rentals and/or capital gains, they are investments, and so their valuation should be as close as possible to actual market values. Among the methods based on the fair value, the revaluation model is the closest to the cost model and the principle of prudence, which, though no longer prevails over other accounting principles, remains one of the pillars accounting for most countries.

ESTUDIOS

La crisis de 2007 puso de manifiesto la enorme influencia del sector inmobiliario como causa y detonante o, al menos, agravante, de la misma, su importancia con respecto a la coyuntura económica global y, por tanto, la trascendencia de su correcta valoración. El IASB prevé tres modelos valorativos diferentes para los inmuebles: valor razonable, valor de revalorización y coste, que se podrán aplicar según se clasifique el inmueble como inmovilizado material o inversión inmobiliaria. El propósito de esta obra es analizar el impacto cuantitativo en la información de los estados financieros de la valoración a valor razonable/valor de revalorización/coste en las propiedades inmobiliarias, teniendo en cuenta la coyuntura económica de cada momento. Uno de los primeros trabajos en comparar los tres métodos admitidos para la valoración posterior de los inmuebles, centrado sobre las repercusiones cuantitativas que sobre las magnitudes más relevantes de los estados financieros tiene su aplicación y que analiza un periodo lo suficientemente amplio como para poder valorar el efecto de los diferentes métodos de valoración antes, durante y después de una crisis financiera.

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