

Valuation

Definition

Documenting the financial value of objects, whether your own or borrowed.

Scope

Use this procedure when placing a financial valuation on objects, whether your own or borrowed. This is normally for **insurance and indemnity** purposes, but might also be done before acquiring objects by purchase.

Apart from these collection management reasons, it is normally considered unethical to put a commercial value on collections, particularly in the context of financially-motivated disposals. The Museums Association *Code of Ethics for Museums* gives guidance on this issue.

It is also unwise to give valuations of objects left as enquiries. The terms on the back of the Collections Trust object entry form say that 'museum staff are not authorised to give valuations,' and also 'no valuation indicated verbally or written on this form at the time of deposit will be admitted by the museum.'

The Spectrum standard

You should have a **policy** on valuation. This could either be a standalone document or part of a wider collections management policy. Either way, in deciding your policy you will most likely need to consider these questions:

- What ethical principles will you apply to object valuation?
- Why might you put valuations on objects?
- Who is authorised to seek valuations?
- Who is authorised to provide valuations?
- Who has access to valuation information and how will you keep it secure?
- How, and how often, you will update valuation information?

You should also have a written **procedure** that explains the steps to follow when carrying out valuations. Spectrum's suggested procedure is a useful starting point, but however you do it, your own procedure should meet the following minimum requirements:

Minimum requirement	Why this is important
Valuation information is available as needed for collection management, and is only used in line with current ethical practice.	You can insure some or all of your objects appropriately. You do not use collections as security on a financial loan.
You have agreed, and consistent, methods for valuation.	You have confidence in the valuations that you obtain. Valuations do not depend on the 'whim' of individuals.
Valuation information is treated as confidential, and only available to authorised people.	Valuations are only available on a need-to-know basis. You do not increase the security risk to high-value objects.
Valuations are kept up to date.	Incorrect valuations are not used when renewing insurance, leading to inadequate cover.

Suggested procedure

Obtain a valuation, following your policy.

There are several other Spectrum procedures that might prompt the need for a new or updated valuation. Monitor and update valuations as required within the appropriate procedure. For example, the valuation of a borrowed item may fluctuate over the course of a loan period. Sources of valuation include curators, professional valuers and lenders.

You will need to agree a set of principles for valuing different types of object, such as:

- Current 'market value' of comparable objects.
- Original valuation or purchase price, adjusted for inflation.
- Cost of conservation.
- Cost of acquiring another comparable object (potentially including transport and other costs).

Valuations for conservation and repair can be a problem, and can be different from 'market value' (eg a ceremonial chair of small intrinsic value may be irreplaceable because of local associations: if damaged it may cost several times its value to restore).

The purchase price may have no direct relation to a valuation (eg a vendor may intentionally sell an object to you at less than its market value).

If the object is not your property, agree the valuation in writing with the owner.

This will become important in the event of any future dispute.

Record information about the valuation process.

This might include the following information about specific occasions when valuations were obtained:

Object identification information

- **Object number** (for objects belonging to you).
- **Brief description** (use a standard term source).

Object entry information

- **Entry number** (for objects belonging to others).

Valuation information

- An identifier for the valuation event - **Valuation reference number** (use a standard format).
- Name of the person in your organisation authorising the valuation - **Valuation authoriser** (use a standard form of name).
 - Date of the authorisation - **Valuation authorisation date** (use a standard format).
- Name of the valuer (and contact details if not in-house):
 - **Valuer** (use a standard form of name).
 - **Address**.

Record the results of a valuation.

For each object, or group of objects, record the following information:

Object identification information

- **Object number** (for objects belonging to you).

Object entry information

- **Entry number** (for objects belonging to others).

Object valuation information

- Valuation - **Object valuation**.
 - Date of the valuation - **Object valuation date** (use a standard format).
- Type of valuation - **Object valuation type** (use a standard term source).
- Reason for the valuation - **Object valuation reason** (use a standard term source).
- The date when the valuation should be renewed - **Object valuation renewal date** (use a standard format).
- Other information about the valuation - **Object valuation note**.

Secure and control access to valuation information.

For example, if you record valuation information in a computerised collections management system, make sure the relevant fields can only be seen by authorised users.

Retain any original documents.

These might include documents signed by a valuer, or by the owner of a loan object to agree with a valuation. File these and note the *Document location* in the relevant object records so you and others can find them in future.

Update your insurance or indemnity cover in the light of new or changed valuations.

Go to *Insurance and indemnity*.

Valuation

