



Plant and Machinery Valuation Course: Cost Approach, Obsolescence and Valuation Reports



Plant and Machinery Valuation Course: Cost Approach, Obsolescence and Valuation Reports

Introduction:

Plant and machinery valuation, covering the cost approach, obsolescence and valuation reports, is a 5-day course for valuation, asset management, lending collateral and insurance roles, ending with a Plant and Machinery Valuation Report for a case manufacturing plant. Organisations lend, insure, report and sell against equipment values that are often copied from book values, set without inspection or stated on the wrong basis of value. Nominees already prepare, commission or review equipment valuations at work and learn through a modelling build of cost, market and income workings. CoreConcept Training Center delivers this plant and machinery valuation course.

Course Objectives:

- Define the valuation purpose, basis of value and premise of value for a plant and machinery assignment in line with International Valuation Standards
- Inspect and identify plant, machinery and equipment on site and reconcile the findings to the client asset register
- Apply the market and income approaches to equipment where comparable sales evidence or attributable cash flows exist
- Estimate replacement or reproduction cost new and deduct physical deterioration, functional obsolescence and economic obsolescence
- Adapt valuations of specialised and process plant for financial reporting, lending collateral, insurance and disposal instructions
- Prepare a valuation report that states assumptions, special assumptions and limiting conditions and reconciles the approach results

Target Audience:

- Valuation staff responsible for preparing plant, machinery and equipment valuations for clients or their own organisation
 - Asset management staff responsible for industrial asset registers, condition data and replacement planning
 - Bank credit and collateral staff responsible for commissioning and reviewing equipment valuations that support lending
 - Insurance underwriting and claims staff responsible for sums insured and loss settlement on plant and machinery
 - Finance and reporting staff responsible for fair value measurements of acquired or revalued equipment
 - Restructuring and asset disposal staff responsible for liquidation estimates and auction realisations
-

Course Outline:

Day 1: Plant and Machinery Valuation Purposes, Bases and Premise of Value

- International Valuation Standards Framework for Plant and Equipment Assets
- Market Value, Fair Value, Insurable Value and Liquidation Value Compared
- Premise of Value for Installed, In-Use and Removal Scenarios
- Valuation Purpose and Scope of Work Engagement Letter
- Current-State Review of an Existing Equipment Valuation Report

Day 2: Asset Identification, Site Inspection and the Three Valuation Approaches

- Site Inspection Checklist for Nameplate, Condition and Utilisation Data
- Asset Register Reconciliation Against Physical Plant and Machinery
- Cost, Market and Income Approach Selection Matrix
- Market Approach Comparable Sales Data and Adjustment Grid
- Income Approach for Revenue-Generating Plant Using Discounted Cash Flow

Day 3: Cost Approach, Depreciation and Obsolescence Analysis

- Replacement Cost New Versus Reproduction Cost New Estimation
- Cost Indexing, Trending and Installation Cost Build-Up
- Physical Deterioration by Age-Life and Observed Condition Methods
- Functional Obsolescence from Excess Capital and Operating Cost
- Economic Obsolescence Measured Through Capacity Utilisation and Inutility Penalty

Day 4: Specialised Plant, Financial Reporting, Lending, Insurance and Disposal Values

- Specialised and Process Plant Valuation with Limited Market Evidence
- Fair Value for Financial Reporting and Purchase Price Allocation
- Lending Collateral Valuation with Orderly and Forced Liquidation Values
- Insurable Value, Reinstatement Cost and Underinsurance Average Testing
- Disposal Strategy, Auction Values and Realisation Cost Deductions

Day 5: Modelling Build of a Case Manufacturing Plant Valuation

- Case Manufacturing Plant Inspection Data and Asset Register Review
 - Cost Approach Workbook with Depreciation and Obsolescence Workings
 - Market and Income Cross-Check and Value Reconciliation Table
 - Assumptions, Special Assumptions and Limiting Conditions Schedule
 - Plant and Machinery Valuation Report Completion and Peer Review
-

Skills You Will Gain:

- Basis of Value Selection
- Plant Inspection and Identification
- Replacement Cost Estimation
- Obsolescence Measurement
- Comparable Sales Analysis
- Specialised Plant Valuation
- Liquidation Value Assessment
- Valuation Report Writing

Why Attend This Course:

- Deliver a Plant and Machinery Valuation Report for a case manufacturing plant to the head of valuation or the credit committee
- Choose the basis of value and approach that fits a lending, insurance, financial reporting or disposal instruction
- Avoid overstated collateral values, underinsured plant and audit challenges caused by unsupported obsolescence deductions
- Share inspection checklists, cost approach workbooks and report templates with valuation and credit colleagues

Conclusion:

Back at work, the participant gives the Plant and Machinery Valuation Report to the head of valuation, the credit committee or the underwriting lead, who use it to set collateral limits, sums insured, reported fair values or reserve prices for disposal. The cost approach workbook and inspection checklist become templates for the next assignment. After its first use, the unit should compare reported values with later sale prices, auction results or loss settlements and recalibrate cost indices, useful lives and obsolescence deductions where the evidence differs.

Frequently Asked Questions FAQ:

What should participants know before a plant and machinery valuation course?

Participants should already prepare, commission or review equipment valuations and read basic financial statements. Bringing an anonymised asset register, inspection notes or a past valuation report helps them apply the modelling build to their own assignments.

How does plant and machinery valuation differ from real estate or business valuation courses?

It values individual machines and process plant, not land, buildings or whole enterprises. Real estate and business valuation appear only where installed plant interacts with the property or with the earning capacity of the operating business.

Why does plant and machinery valuation rely so heavily on the cost approach?

Many installed and specialised machines rarely trade, so sales evidence is thin. The cost approach starts from replacement cost new and deducts physical deterioration, functional obsolescence and economic obsolescence, then is cross-checked against market or income evidence where it exists.

What do participants take back from the plant and machinery valuation course?

Participants take back a Plant and Machinery Valuation Report for a case manufacturing plant, with an inspection checklist, a cost approach workbook, a liquidation value schedule and an assumptions template they can adapt to their own assignments.