

MACHINERY & EQUIPMENT

Key Appraisal Factors

Purpose

- Define value premise
- Engagement scope
 - Type report
 - Level of asset detail
- Support for
 - Collateral
 - IRS (new basis)
 - SEC registration
 - Sale-leaseback
 - Property tax
 - Corporate dissolution
 - Bankruptcy
 - Insurance

Appraisal Function

- Combined with liquidation
- Basis for auction

Issues

- Replacement vs. reproduction cost
- Groupings for smaller value items
- Tooling, dies and fixtures
- In-house labor for refurbishing
- Original book basis includes what costs
- Basis set by acquisition allocation
- Depreciation/obsolescence for market niche
- Application of income approach
- Appraiser's understanding of operations