

# A Review on Valuation of Building, Vehicles, Plants and Machinery

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**Abstract:** Valuation is a process of estimating value depending on the circumstances of case and purpose for which valuation is needed given time place and market condition. The objective of the study used to identify the market value of building for bank finance purpose which is situated in urban semi urban and rural area of Chhattisgarh India. The study helps to bank to unknown the actual condition of building and simplify the bank finance amount to owner of property. The valuation of property helps to both owner of the property and the bank to know the actual rate of property.

Valuation is the technique of determine property such as commercial residential agricultural land and industrial. Value find on basis of its selling price and rent or income it can fetch. The main purpose of this paper is to introduce people with general field the practice of valuation of real estate property. This study is based on systematic research in field of evaluation. Study will result in stimulating debate and realization of need for theory which supports validated process of valuation.

**Keywords:** Methodology, valuator, value, market value of building, finance, Bank, value index value analysis

## 1. Introduction

Valuation valuation can be defined as the process of estimating value valuation depend on the circumstances of case. "Identification of Methodology Used in Real Estate Property Valuation in that paper" (Tanuj Parmer, Hiren Mori, Yas Bhagat Feb 2018) say that Valuation is the process of determining the value of property such as residential commercial and agricultural land vehicle machine etc. Solution is carried out bicycle for financial activities in the economy i.e. investment buying and selling loan and mortgage etc. generally real estate covers residential commercial and vacant land.

Purpose of this study to identify the difference in actual valuation particle and exact method. The main purpose of evaluation is the buying and selling property assessment of tax determination of rent Insurance of property etc.

Valuation is carried out by many method depends on circumstances and type of property.

Method can be defined as a method of valuation whereby market value of particular property is derived by adding the site value of the property to the value of building found are constructed on the site of the property.

There are three methods to be adopted

1. The comparative unit method

2. The unit in place method
3. The quantity survey method

## 2. Building valuation

### A. Introduction

Valuation of building depends on the type of a building, its structure and durability on situation, size, shape Frontage width of roadways the quality of materials used in the construction and present their prices of material.

Valuation also depends on the height of building height of plinth thickness of wall nature of the floor roof doors windows etc.

Valuation of a building is determined on the working out its cost of construction at a present day rate and allowing suitable depreciation.

Building depreciation and the value of redeveloping property characteristics.

Durable assets are typically sold in a package bundles of attributes with acid value measured by product of each attribute and its implicit market price. Rosen's theory has spawned any means literature estimating attitude prices for a variety of goods or services supply of labour automobiles object Municipal bonds and real estate. (Jhon M. Clapp, July 2009).

### B. Valuation/cost approach

- The cost approach which is sometimes known as contactors method.
- Establish a value by estimating the cost of acquiring land new property with equal utility of adopting and old property to the same use with no expense resulting from delay.

### C. Approach of the cost method

In cost method of depreciation replacement cost method, the valuable assess the market value of the raw land. (104en, Valuation Approach)

Therefore, the three main elements in a cost method are

1. Land value
2. Building value or the replacement cost.
3. Depreciation

1) *Land value*

(104 en Valuation Approach)

In determining the market value must recognize the constraints if any on the use of the land impossible by existing improvement existing use of value of sight.

2) *The building value or replacement cost*

Value is assumed to be cost of construction in new net replacement. Cost of the building today and allowing for the disabilities.

A cost estimate for a property may be based on either or estimate production cost or replacement cost.

In general, there are three methods to be adopted for estimating the cost of the building the three methods are

- A. The comparative unit method
- B. The unit in-plus method
- C. The quantity survey method

3) *Depreciation*

Depreciation orchestra when an improvement has a value less than the cost of a place it how to reduce It. there are three kinds of depression or that is physical and function economics.

The three ways of determine the depreciation

- 1. Market based assessment
- 2. Assumptions based assessment
- 3. Breakdown method

*Steps in applying cost method*

(104 en Valuation Approach)

- Estimate the value of the land. This is done by reference to the cost of acquiring a similar land. in determining the sales per unit area of similar land to determine the value of land.
- Current cost of erecting building
  - Dimension of building
  - Accommodation and size of accommodation
  - Type and quality of building materials and the quality of workmanship
  - Type nature and quality of other finishes
  - Contractors profit margin

The amount of depression should be deducted from the cost as determined.

- Determine the site or land value

Determine the category of land use of the site as well as the shape size location and physical feature of subject property.

- Determine the value of building
- Techniques used in determination of building cost

- 1. Quality survey
- 2. Lamp sump
- 3. Unit area or volume

- Determine the type of construction determine the gross external floor area.

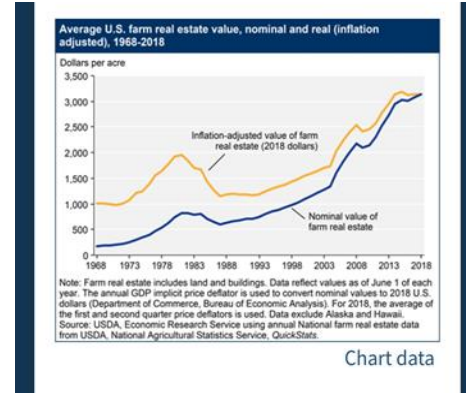


Fig. 1. Avg. U. S. farm estate value

**3. Valuation of Vehicle**

Most of the countries in the world text financially in the past addicted. As result they used vehicle trade has a flourished.

In order to determine the resale value of a vehicle off requirement such as make amazing services use the vacation is paramount. In order to meet the future demand a proper mechanism using competition and intelligence is needed for vehicle innovations in order to overcome see chances of conventional and all subject evaluation mechanism. Paper focus is on dickerson aspects regarding used vehicle valuation previous work related to the domain as well as the proposed solution. The proposed solution intense to use real time web scraping and machine learning in order to determine the value of given vehicle. (Amjadh Ifthikar, Kaneeka Vidanage, may 2018).

**4. Valuation of plant and machinery**

Inventory and data to be collect while taking inventory. Important of technical specification of plant and machinery valuation exercise. Identification of product on product to surplus and off balance sheet assets. The Economic balance life physical life and their importance in valuation.

“Valuation of Machinery and Equipment: Is it Inter disciplinary, Multi-disciplinary or collaborative” in that paper (T.A. Ashaolu, Jan. 2016).

Types of market demand and supply curve Bell curve for overall sales performance.

For the purpose of valuation of plant and machinery also where is from case to case

- 1. Compliance and clearance of custom formalities
- 2. Mortgage
- 3. Insurance
- 4. Sales and purchase
- 5. Financial valuation

The object of valuation of plant and machinery is to ascertain Genetic algorithm also adopted in pipe network Optimization least cost design of water distribution network.

Those problems are nonlinear type problem and genetic algorithm method is very efficient for Nonlinear programming problem.

The use of multiple values is best seen through a valuation example. Since the easiest and quickest way to calculate values is via the market approach, we will only use this method.

Let us assume that Mr. Nortec want an appraisal of some machinery and equipment for fire insurance purpose, as well as for financing with a bank. In addition, he also wants some values for ad valorem tax purposes since he is not sure if he is being over taxed. He is possible considering bankruptcy and also wants to know what the value would be under a distressed sale, as well as for potential reorganization purposes.

### 5. Conclusion

This paper presented a review on valuation of building, vehicles, plants and machinery.

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