



**Q72. Cost approach to value - Reproduction cost / replacement cost ,
Depreciated Replacement cost (DRC) working, adopting DRC as value
subject to demand and supply aspect.**

72.1. Cost of creating a new building having identical utility and performing similar functions as being performed by the existing old asset is called as

- a) Replacement cost
- b) Reproduction cost
- c) Original cost
- d) Historic cost

72.2. It is cost to produce exactly similar asset (i.e. exact replica - mirror image) of the old existing asset to be valued. It has same utility, functions, similar specification. It is called as

- a) Replacement cost
- b) Reproduction cost
- c) Original cost
- d) Historic cost

72.3. Current replacement cost minus depreciation is called as

- a) Scrap value
- b) Depreciation value
- c) Depreciated cost (Net present value)
- d) Salvage cost

72.4. To calculate depreciated replacement cost, the value to be considered is only

- a) Historic cost
- b) Book value
- c) Written down value
- d) Replacement cost

72.5. Replacement cost and reproduction cost is one and the same.

- a) Not same
- b) Same
- c) May be same
- d) May not be same

72.6. For building insurance, only this cost is to be used

- a) Replacement cost
- b) Reproduction cost
- c) Historic cost
- d) Book cost

72.7. In land acquisition matters, if any ornamental building is acquired, this cost to be considered is only

- a) Book cost
- b) Net present value
- c) Depreciated reproduction cost
- d) Written down cost

72.8. Net present value is used to indicate

- a) Historic cost of the asset
- b) Written down value of the asset
- c) Book value of the asset
- d) Current value of the asset

72.9. Net present value is also called as

- a) Depreciated cost
- b) Depreciation cost
- c) Book cost
- d) Historic value

72.10. Market value of the building is estimated by using the formula Net Present Value = Replacement cost - Depreciation. This approach is called as

- a) Income approach
- b) Cost approach
- c) Market approach
- d) Composite rate method

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Answers :
1 - a
2 - b
3 - c
4 - d
5 - a
6 - b
7 - c
8 - d
9 - a
10 - b

Correct me if I am wrong