

Keywords: Data Collection, Elements of Comparability and Application, Limitations of Sales Comparison Method

	PSM: Plant & Machinery
1	An indication of value by comparing the subject asset with identical or similar assets for which price information is available is called...
A	Market approach
B	Cost approach
C	Income approach
D	All of above
2	Which of the following method is comes under market approach?
A	Sale Comparison method
B	Depreciated replacement cost method
C	Discounted cash flow method
D	Summation method
3	In sale comparison method, the subject machine is compared with...
A	Similar machine
B	Identical machine
C	Both (A) & (B)
D	(A) or (B)
4	In sale comparison method, adjustments are made with...
A	Subject machine
B	Comparable machine
C	Both (A) & (B)
D	None of above
5	Which of the following is source of collection of data for sale comparison of machine?
A	Dealer of secondhand or used machine
B	Public auction
C	Public or private sale
D	All of above
6	For use of market approach (sale comparison method), firstly valuer has to collect the data of...
A	Subject machine
B	Comparable machine
C	Both (A) & (B)
D	None of above
7	Sale comparison method of market approach is applicable for...
A	Individual machine
B	Group of machines (production line)
C	Entire plant or unit
D	All of above
8	Market approach is most reliable when...
A	Established market for used or secondhand machine is available
B	Sufficient number of sales for comparison is available
C	Reliability of information of sales for comparison is higher
D	All of above
9	The market approach is best suitable for...
A	Special purpose machine
B	Unique machine
C	Customer design machine
D	General purpose machine
10	For which of the following, the market approach is best suitable...

A	High pressure reactor
B	Turbine
C	Boiler
D	DG Set
11	Which of the following is element of comparison in sale comparison method?
A	Age
B	Condition
C	Capacity
D	All of above
12	If an age of subject machine is less compare to comparable identical machine, than which type of adjustment is required with comparable identical machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
13	If a condition of subject machine is poor compare to comparable machine, than which type of adjustment is required with comparable machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
14	Which of the following is element of comparison in sale comparison method?
A	Location
B	Manufacturer
C	Quantity
D	All of above
15	If a manufacture of subject machine has good brand name in the industry compare to comparable machine, than which type of adjustment is required with comparable machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
16	If valuer has get transaction of bulk sale of machine (more nos. of machine sale at a time) for sale comparison, than which type of adjustment is required with comparable machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
17	Which of the following is element of comparison in sale comparison method?
A	Time of sale
B	Type of sale
C	Both (A) & (B)
D	(A) or (B)
18	If valuer has get transaction of sale occurred before a year and market trend of machine is upward side, for sale comparison than which type of adjustment is required with comparable machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
19	If valuer has get transaction of which occurred under forced sale liquidation for sale

	comparison, than which type of adjustment is required with comparable machine?
A	Positive
B	Negative
C	No adjustment required
D	All of above
20	Which of the following is technique of comparison in sale comparison method?
A	Direct match
B	Comparable match
C	Percentage of cost
D	All of above
21	Percentage of cost technique is indication of...
A	Ratio of selling price and replacement cost new
B	Ratio of selling price and purchase price
C	Ratio of purchase price and replacement cost new
D	None of above
22	Direct match technique is most suitable for...
A	Group of machines (production line)
B	Entire plant or unit
C	Automobile like car, truck, trailer, etc.
D	None of above
23	Adoption of market approach is most complicated for...
A	Individual machine
B	Group of machines (production line)
C	Entire plant or unit
D	All of above
24	Adoption of market approach is most complicated for entire plant because it required information about...
A	Motive of buyer
B	Motive of seller
C	Condition & circumstance of sale or purchase
D	All of above
25	Indication of value by market approach measures...
A	Loss of value by depreciation
B	Loss of value by economic obsolescence
C	Loss of value by all form of depreciation and obsolescence
D	All of above
26	Market approach is not suitable or feasible when asset or machine is...
A	Unique
B	Custom made
C	Specific and specialized
D	All of above
27	If comparable sales of subject machine are not available than it indicates...
A	Lack of demand
B	Economic obsolescence
C	(A) & (B)
D	(A) or (B)
28	Which of the following is merit of market approach?
A	Accuracy of result is depends on ability of value
B	It reflects market behavior
C	Adjustments are subjective

D	It requires reliable data
29	Which of the following is limitation of market approach?
A	If inadequate data is available, it may be impossible to apply
B	It requires reliable data
C	Difficult to assess circumstances of a sale
D	All of above
30	In adoption of market approach, value has to adjust all element of comparison.
A	True
B	False
C	(A) & (B)
D	Cannot say

Valuation of Plant & Machinery

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