

Income Approach

*“When it can” or “When it can’t” be used
in Plant & Machinery Valuation*



Where we can use Income Approach

- ✓ When there is a clearly identified income stream associated with an asset or group of assets (e.g. a specialised vessel class which has a lease in place or adequate 'dry' lease rate comparable information).



- ✓ When The income stream associated with an asset or group of assets is regulated or set by market rates (i.e. a regulated utility).



- ✓ In quantification of Impairment Loss, Value in Use required Income Approach.

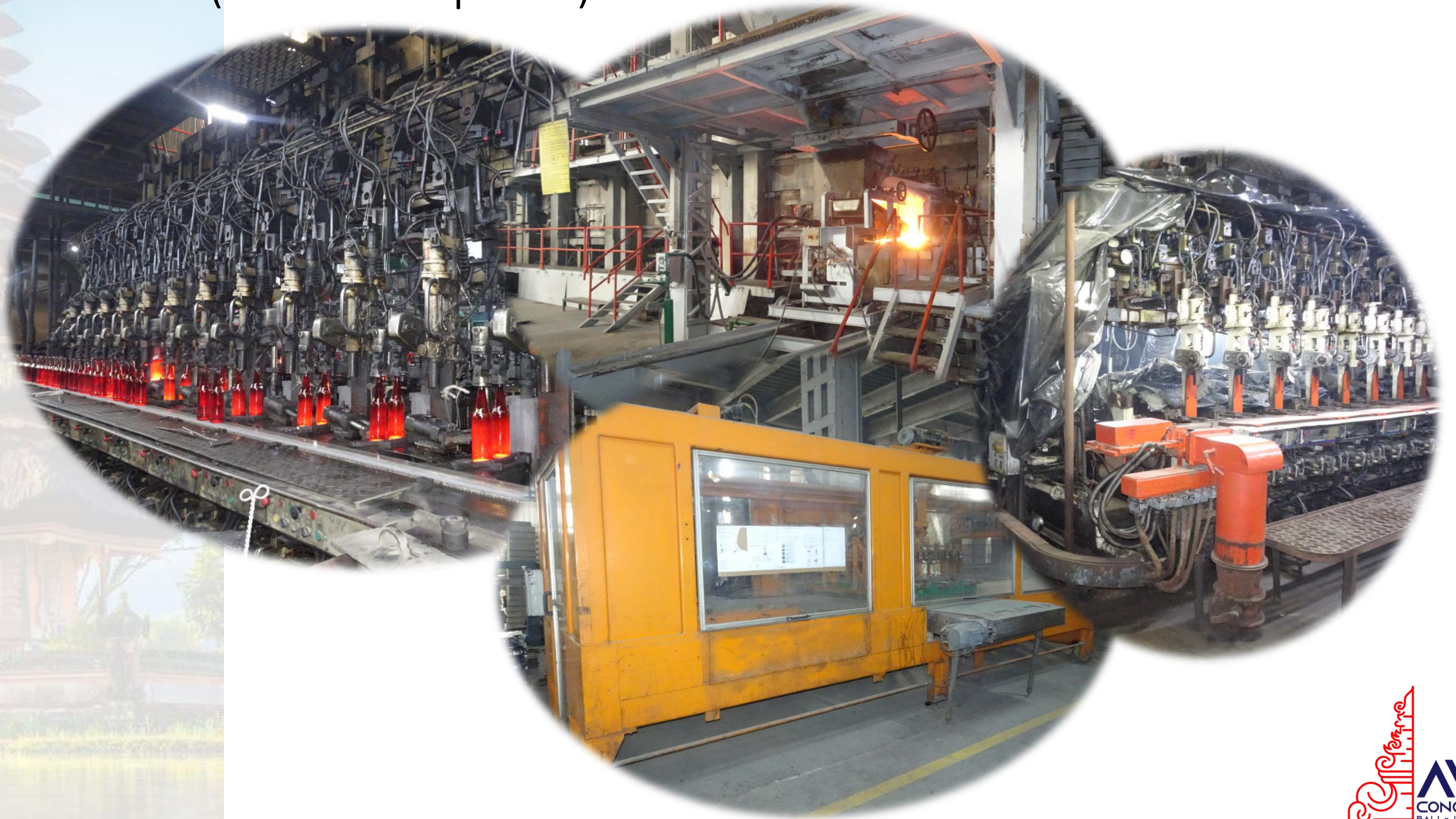


Where we cannot use Income Approach

- Where there is adequate comparable evidence to enable the market approach to be used (ie. White or yellow goods, such as an excavator).



- Where there is difficulty isolating an income stream to an asset or group of assets (i.e. Glass plant).



- Where the basis of value requires the adoption of the cost approach (ie. reinstatement cost for loss/insurance purposes).



Thank You!