

ALP Ltd. Valuation Services

Equipment Value Cheat Sheet



Start with the question you are trying to answer — not the asset.

One appraisal can answer more than one question.

If several possible outcomes matter to your decision, do not be afraid to ask for more than one definition of value. Different definitions are not competing answers; they describe different sale conditions, time horizons, and assumptions.

Which definition of value may answer your question?

Ask yourself...	Value definition to discuss
What would this normally sell for between a willing buyer and seller?	Fair Market Value (FMV)
What is it worth as part of an operating business, where installation and supporting costs matter? (Used for <i>Canda Small Business Finance Act</i> loans)	FMV in Continued Use
What might it bring if we had time to sell it deliberately after a business closure?	Orderly Liquidation Value (OLV)
What if an item was considered unneeded and a business wanted to sell it?	Orderly Liquidation Value (OLV) or FMV depending on desired timeline.
What could we realistically recover quickly through auction or a distressed sale?	Forced Liquidation Value (FLV)
What is the equipment worth if it must remain where it is and one buyer takes everything?	Forced Liquidation Value in Place
What is it worth after disconnecting, removal, transport, or site-restoration costs are considered?	FMV — Removed

A lender may reasonably ask for several values

FMV	OLV	FLV
What does the borrower own today?	What might we recover with reasonable marketing time?	What is the downside if things deteriorate quickly?

Make this your own desk reference

FMV	OLV	FLV	Other
Usually request: ☐	Usually request: ☐	Usually request: ☐	Usually request: ☐

What Happens to Value When Circumstances Change?

Equipment value can change dramatically when the business stops operating, time becomes limited, or assets must be removed.

BUSINESS OPERATING	BUSINESS CLOSING	TIME RUNNING OUT
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Think about both the sale scenario and the physical reality of the equipment

	Value Definition	Moveable Equipment	Trade Fixtures/ Installed Equipment	
Abundant Time	Fair Market Value- In continued use	Full Value- including freight/connections	Full Value- including freight/installation	Business Open
	Fair Market Value	Full Value	Full Value- Ignoring freight & installation Value	
	Fair Market Value- Removed	Full Value- Less Transport & Disconnections	Full Value- Less dis-installation costs & site remediation costs.	
	Orderly Liquidation Value	'Wholesale Value'	'Scrap Equivalent'- Less dis-installation costs & site remediation costs. (Typically, <i>nil.</i>)	
Limited Time	Forced Liquidation Value	Auction Value	<i>Nil</i> for Lenders. May hold some value for Landlords.	Business Closed
	Liquidation Value- In Place	Auction Value- Less a discount for <i>en bloc</i> transaction	<i>Nil</i> for Lenders. May hold some value for Landlords.	

Before ordering an appraisal, ask these four questions

1. Will the business still be operating when the asset changes hands?	2. Does the equipment stay where it is, or must someone remove it?
3. How much time would realistically be available to find a buyer?	4. Are there several scenarios we need to understand? If yes, ask for several values.

Questions about which value definition applies?

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