

## **Valuation practice: challenges in plant and machinery valuation in the agro-industrial sector of Kenya**

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### **Abstract**

The agro-industrial establishments in Kenya have invested heavily in plant and machinery as a strategy for achieving optimum productivity. Plant and machinery refers to installations and support facilities for manufacturing designed to perform a specific predetermined function, whether used singly or in combination with other items to enhance the productivity, and includes all devices in fixed or moveable form, other than real estate deployed, in manufacturing, processing or assembling of products from the state of raw materials to finished goods. Good management therefore, requires that the individual operations in a plant and machinery system must be adjusted and combined in a manner such that their overall performance returns the greatest profit to the establishment. As such the valuation of plant and equipment in such establishments becomes a complex process of techno-commercial evaluation and requires a thorough knowledge of functions and construction of the machine, its useful economic life, causes which render it useless efficient in its performance, technological improvements in its function and condition, etc. This paper, therefore, attempts to navigate through the practice and techniques involved in valuation as it pertains to plant and machinery, and at the same time, explore the challenges faced of valuers (appraisers) with respect to the agro-industrial establishment in Kenya.