BACHELOR OF ARCHITECTURE EXAMINATION, 2017

(5TH YEAR, 1ST SEMESTER EXAM. – 2017)

VALUATION

TIME: THREE HOURS   FULL MARKS: 100

Answer any five questions.

All questions carry equal marks

Q1. A) Define the term "IMMOVABLE PROPERTY" and "LAND".

B) Define and explain the term "MARKET VALUE".

C) A plantation of timber trees will attain after 45 years. The initial cost of plantation, site preparation works and other preliminary expenses works out to Rs.25,000.00 per Hectare. The annual cost of maintaining the site is estimated at Rs.12,500.00 per Hectare. What should be the cost of timber per hectare on maturity if the rate of interest is 7.75%?   5+5+10=20

Q2. A) Explain "ANNUAL SINKING FUND" (A.S.F.D) with formula and suitable example.

B) A man constructed an asbestos shed at a cost of Rs.8,75,000.00 recently. He let it out on lease for 31 years at a rent Rs,65,000.00 per annum (net). He has to reconstruct the entire property at the end of the lease term. What is the amount he has to set aside from his income per year to provide for this? What is the true return on his capital?   10+10 = 20

Q3. A) Define the term "CAPITALIZATION RATE".

B) What are the factors determined selection of the capitalization rate?

C) A person has arranged to borrow Rs.10,00,000.00 for purchasing a property. The terms of repayment are that he will pay half yearly instalments over the next 6 years at 8.25% compound interest. What is the amount of each instalment?   5+5+10=20

Q4. A) Define the term "PREMIUM" for Leases.

B) Calculate the premium that should be paid by a lessee who is to be granted 25% years lease of a shop premises at a rent of Rs.10,000.00 per month. The rental value of the property is Rs.25,000.00 per month.   10+10 = 20

Q5. A) Define the term "DEPRICIATION". What are the different methods and formula for computing?

B) Calculate the depreciated replacement cost of a residential building with the help of following data by using: (i) Straight line method of depreciation; and (ii) Decline balance method or written down value method of depreciation.

Prime cost of building when new = Rs.80,00,000.00

Expected life of the building = 70 Years

Present age of the building = 30 Years

Scrap value at the end of useful life = 20%

Sinking fund = 4.00%   10+10 = 20

Q6. A) What do you mean by "BUNDLE OF RIGHTS" of immovable property? Define 'freehold interest' and 'leasehold interest' of property.

B) Value the freehold interest in a warehouse property situated close to a port facility in a major Port Town – let out on a 40 years lease at a fixed ground rent of Rs.25,000.00 per annum. The rack rental value on full repairing terms amounts to Rs.5,00,000.00 per annum. The yield from freehold warehouses in similar locations is considered to be 8.75%.   10+10 = 20

Q7. A) State general principles of "DEVELOPMENT PROPERTY" and "DEVELOPMENTAL / RESIDUAL METHOD" of valuation.

B) A developer is considering purchase of a chunk of land property measuring approx. 25.00 Cottahs (1 Cottah = 720.00 Sq.Ft.) for developing a multi-storeyed building complex. The permissible ground coverage under the Municipal bye-laws is 50% and prescribed F.A.R. is 3.00. Floor space in similar buildings nearby is currently fetching a price of Rs.6,750.00 per Sq. Ft. (net). The construction cost is of the order of Rs.1,525.00 per Sq. Ft. On an average. The estimated time for completion of the project is 2 years.
Advice the developer on the price of the site to be offered.   10+10 = 20

Q8. Write short notes (any four):
A) Out goings of property.
B) Virtual rent.
C) Factors affecting value of land property.
D) Ground rent and Net rent.
E) Accumulative rate of interest and Remunerative rate of interest.
F) Computation of Gross Current Replacement Cost (G.C.R.C.).   4X5 = 20

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