



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF NATURAL RESOURCES AND SPATIAL SCIENCES

DEPARTMENT OF LAND AND PROPERTY SCIENCES

QUALIFICATION(S): BACHELOR OF PROPERTY STUDIES HONOURS	
QUALIFICATION(S) CODE: 27BPRS	NQF LEVEL: 8
COURSE CODE: VAL810S	COURSE NAME: VALUATION 3
EXAMS SESSION: JUNE 2019	PAPER: THEORY
DURATION: 2 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Read the entire question paper before answering the Questions.2. Please write clearly and legibly!3. The question paper contains a total of 4 questions.4. You must answer <u>ALL QUESTIONS</u> .5. Make sure your Student Number is on the EXAMINATION BOOK(S).

PERMISSIBLE MATERIALS

1. Non-programmable Scientific Calculator

THIS QUESTION PAPER CONSISTS OF 4 PAGES (Including this front page)

Question 1

- a) Explain the following four (4) factors that are considered in the valuation of agricultural properties:-
- i) Soil quality (2)
 - ii) Location in relation to urban centres and transport networks (2)
 - iii) Farm structures (2)
 - iv) Servitudes (2)
- b) Discuss the practical implications of agricultural valuations in Namibia with regard to land taxation. (13)
- c) Explain the four-stage procedure in the valuation of plant and machinery. (4)

[25]

Question 2

- a) A brewing machinery that costs N\$500,000, has a 30 years life span and a salvage value of N\$50,000. Use the Fixed Declining Balance method to estimate its depreciated asset value after 4 years. (4)
- b) Hotel Wakanda in Mariental which is held on a ground lease with an unexpired term of 70 years at a rent of N\$40,000 per annum has the following financial statement for the year 2018/2019:-

Gross Receipts N\$2,730,000

Cost of Sales N\$1,365,000

Expenditure N\$1,008,300

Capital in terms of stock, fixtures and fittings and cash N\$ 605,000.

- i) Calculate the rental payable if the interest on Capital is 10% (8)
- ii) Calculate the goodwill if it is split 50/50 with the rent if the yield is 20% (5)
- iii) Calculate the value of the Hotel using a capitalization rate of 10% (8)

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Question 3

- a) The owner of Yomase Petrol Station on the outskirts of Rehoboth requires a valuation of the entity to be done. He provides you with the following information:

Estimated rental Values

- for Forecourt on sales of 4,500,000 litres at 14 cents/litre; and
- for Remainder at N\$85,000

- i) Use capitalisation rates of 9% for the Forecourt and 12.5% for the Remainder to advise on the value of the petrol station which is held on freehold with vacant possession.

(10)

- ii) Calculate the rental yield on capital value.

(2)

- b) Diamond Platinumz Cinema Hall in Rehoboth has a sitting capacity of 135. The car park is not well maintained and has to be repaired at a cost of N\$30,000 while the entrance canopy also needs repairing at a cost of N\$20,000. The weekly admission is 500 people. The seat price per adults is N\$32 while it is N\$17 per child. The income generated for 2018 was N\$750,000 while expenditure amounted to N\$610,000.

Using the information provided above, calculate the following:-

- i) The box office receipts. (3)

- ii) The profit percentage. (3)

- iii) The Capital Value of the Cinema Hall. Comparable evidence shows that the yield for Cinemas is around 20%. (7)

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Question 4

- a) Discuss the principle of Betterment and Worsenment with respect to compulsory purchase of land. (6)

- b) Emorgen owns a block of farmland of 50 hectares, which gets split into two equal blocks of 20 hectares each following the acquisition of 10 hectares for the construction of a new railway line. In these circumstances: -
- i) How many hectares would Emorgen receive compensation for and on what basis of value would she receive the compensation? (1)
- ii) Can Emorgen file a claim for severance and why would she do so? (2)
- iii) What would lead Emorgen to claim for injurious affection? (1)
- c) Calculate the rateable value of a freehold factory on a site in extent of 4 hectares with the following accommodation:
- 5,000 sq.m of modern single-storey factory buildings; Construction cost at N\$2,000 per sq.m and depreciation at 5%
 - 4,000 sq.m of old multi-storey accommodation partly used for production but mainly for storage: cost of construction @ N\$1,500 per sq.m, depreciation at 60%,
 - 4,000 sq.m of modern offices: cost of construction @ N\$3,000 per sq.m., Depreciation at 5%,
 - Caretaker's house: N\$300,000; depreciation at 25%,
 - 1 hectare of the land is held for expansion, @N\$50 per sq.m (12)
- d) Calculate the amount of rate due in respect of the property in Question 4(c) above if the rate in a dollar is 1 cent. (3)

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Good Luck!