JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
Setting Trends in Higher Education, Research and Innovation

BSC LAND RESOURCE PLANNING & MANAGEMENT
CONTINOUS ASSESSMENT TEST

Course Name: Principles of Land Valuation and Taxation Course Code: ALP 2406

Date: 18th October, 2017

1. Distinguish between:
   - Value, Price and Cost   (2 marks)
   - Market value & Forced Sale Value   (2 Mark)
2. Give four (4) purposes for which a real estate valuation may be required   (4 Marks)
3. A client invested 3,000,000 nineteen years ago and a further 5,000,000 fifteen years ago. Both investments have accumulated interest at 5 per cent. How much does the client have now?   (1 Mark)
4. A sum of 11,500,000 was invested seven years ago at 7.5 per cent. Two years after the investment was made, the interest rate payable changed to 8 per cent. What is the current value of the investment?   (2 Marks)
5. What would be the total current value of an investment which pays the following sums, allowing for interest at 3.5 per cent: 4,500,000 in three years from now plus 2,500,000 in eight years from now plus 6,500,000 in thirteen years from now?   (2 Marks)
6. Clients have purchased a leasehold interest today for 12,000,000. How much would they need to invest per annum in a sinking fund at 3.25 per cent to recover their outlay by the end of the lease in 15 years' time?   (2 Marks)
7. A client requires the sum of 15,000,000 to be available to him on his retirement in six years' time. To this end, he has been investing 2,000,000 per annum for the past six years at 4.75 per cent. The interest rate he can obtain has now changed to 5 per cent. Advise him what amount he will need to invest from now on per annum in order to achieve the desired total on his retirement.   (2 Marks)
8. A client is considering purchasing a freehold property with a current market rent value of 25,000,000 per annum. An assessment of current conditions indicates it should provide an all risks yield of 7.5 per cent. What should the client offer for the freehold?   (2 Marks)
9. Value an interest at 7 per cent yield with an income commencing in three years from now of 19,500,000 per annum, which will end in 11 years from now.   (1 Marks)