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OBAFEMI AWOLOVO UNIVERSITY, ILE-IFE
FACULTY OF ENVIRONMENTAL DESIGN AND MANAGEMENT
DEPARTMENT OF ESTATE MANAGEMENT

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HARMATTAN SEMESTER EXAMINATION 2009/2010 SESSION
COURSE: ES/M 411 – Management of Building Projects TIME ALLOWED: 2 hours
INSTRUCTION: Answer any FOUR Questions, Two from each section

Section A

- i) How can an Offer be made valid after lapse of time or rejection by the offeree.
 - ii) What are the factors that can invalidate an offer before its acceptance.
 - iii) Justify the need for consideration in making a contract valid.
 - iv) With practical examples, differentiate between legal and simple contract.
 - v) Explain with practical examples, conditions under which liquidated damages or penalty can be established. 15marks.
2. Mr A has recently won a 10 year old legal suite that existed between him and A, B & sons, to retain his ownership of a storey building at Lagere, Ile Ife. He is contemplating appointing a professional firm of estate surveyors and valuers to manage the property and has consulted you for advice.
- i) Advise him as to the available options of engaging the new agent.
 - ii) In line with the code of conduct of the practice, what are the obligations of the new firm if appointed.
 - iii) What obligations are mandatory to be performed by the property owner. 15marks.
- 3) a) Land and buildings of organisations are essential resource of the organisation. Explain how corporate real estate can be managed to impact the organisation.
- b) Explain the following with respect to building contract:
- i) Contract Document
 - ii) Prime Cost and Provisional cost
 - iii) Types of Building Contract. 15marks.

Section B

- 4) As a potential property investment expert/consultant, you have been approached by a client with a real estate development idea. Discuss the process involved and the interaction between different processes in your report. 15marks.
- 5) a) Explain how preliminary items will be treated in the absence of bill of quantities and its demerits. 10 marks
- b) What is the significance of Interim Valuation in building construction management? 5 marks.
- 6) a) Explain the need for flexibility in design of a building project. 5 marks
- b) Explain briefly the following;
- i) Reasons for inclusion and exclusion of materials in interim valuation.
 - ii) Treatment of fluctuations in costs of labour and materials.
 - iii) Kinds of preliminary items.
 - iv) Defect Liability period.
 - v) Bill of quantities. 10 marks.

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The Government of Oyo State decided to sell 35% of their shareholding in the company to private individuals in their privatization programme. Advise the Government of Oyo State on the worth of the plant. [10 marks]

(b) Briefly explain bases of insurance valuation [5marks]

(4a) "In practice, when determining the existing use value of an asset for accounting purpose, depreciated replacement cost method is determined by depreciating the gross value according to age and estimated total economic working life from new". Expandiate on five underlying factors that must be taken into account. [5marks]

(b) (i.) Discuss five methods of asset depreciation. [5marks]

(ii.) Determine the scrap value of a machine at the end of ten years given, the costs at N3 million. The machine has worked for 110,000 hours. The hourly capacity of the machine is 300,000 hours, using two approaches (machine hour method inclusive). [5 marks]

(5) "The assets of a going concern usually include intangible assets which is the reputation a business enjoys with its customers and gives the business a value over and above the value of its physical assets". Discuss. [6 marks]

(b) The average profit from a business is N50,000 and the minimum rate of interest expected on the capital is 9%. The proprietor will be remunerated at 5% of the capital employed while the value of net assets is N150,000. Determine the goodwill by super profit method and total capitalization method. [9marks]

(6) Chief Olorunjedalo owns an old factory building with a gross internal floor area of 5000m². The construction is of brick walls, cement concrete floors with elated roof on timber trusses. The building is in a reasonably good state of repair. Information on construction cost reveals an average unit cost of 1000/m². Chief Olorunjedalo has been advised to insure the building on an indemnity and reinstatement bases. Determine these for Chief Olorunjedalo. [10marks]

(b) "Plant and machinery valuation is required to satisfy human wants, which are numerous and insatiable" Discuss. [5 marks]

