

The Central Association of Agricultural Valuers Eastern Group

Morning Practical Examination

Wednesday, 10 November 2010

at

9am

at

Braham Farm, Little Thetford, Ely, Cambridgeshire

By Kind Permission of Matthew Bedford

All candidates should have read the 2010 Guidelines for the Practical and Written Examinations.

All questions should be answered.

Time allowed – 3½ hours with ½ hour added for completion of calculations and final check on notebook answers.

Notebooks, questions papers and CAAV publications for both morning and afternoon sessions for the practical examinations will be handed to the candidates at the initial briefing. During the morning session candidates will be shown various items by the Examiners.

INTRODUCTION

Braham Farm is owned by a traditional Institutional Landlord and is let to J Bloggs on a 1986 Agricultural Holdings Act Tenancy – Model Clauses applying.

The let farm extends to 350 acres and the current rent, agreed in 2008, is £65 per acre.

Question 1: Growing Crops and Letting Arrangements

**Maximum
Marks**

You will be shown two fields marked X and Y on the plan.

- a) Provide a valuation for stocktaking purposes of the crop in field X as of today's date and provide a gross margin on the crop for harvest 2011. (Assume 10 acre field, Linseed in 2009/10)
- b) For field Y provide a likely cost of establishing a replacement grass sward. (Assume 5 acre field)
- c) Advise on likely letting values per acre for agricultural and equestrian purposes on field Y.
- d) Advise on how you would propose to let the land for agricultural and equestrian purposes on field Y (assume Landlord's consent has been given).

4

3

1

2

Total 10

Question 2: Renewables

Your Client, the Tenant, has heard about a new initiative to encourage the production of renewable energy. He thinks a small wind turbine in the paddock between the buildings and bungalow might be a good idea.

In expanded bullet format:

- a) What is the initiative called?
- b) Detail how it works.
- c) What issues should your client consider for a small wind turbine?

1

4

5

Total 10

Question 3: Implements and Machinery

You will be shown five items of machinery (numbered 1 to 5). Describe each item as if it was being included in a catalogue for sale by auction. Provide a current market value for each item.

**2
Per Item**

Total 10

Question 4: Live and Deadstock

You will be shown quantities of farm produce:-

a) Commodity A – Assuming there are 115 bales (2010 crop) identify the commodity, provide an estimated tonnage and market value for the heap. **3**

b) (i) Commodity B – Assuming a heap size of 20m x 10m x 1.75m high, identify the produce, harvested in August 2010 and calculate the total tonnage showing all your workings. **2**

(ii) Give two uses for the produce and provide the market value per tonne for each. **4**

c) You will be shown a pen of Livestock:-

(i) Describe the livestock and provide a market value. **2**

(ii) What movement restrictions, if any, are currently in place? **1**

(iii) Detail the differing modes of valuation applicable to breeding cattle for stocktaking valuation purposes. **1**

Total 13

Question 5: Diversification

Within the farm yard are a building and yard occupied by a scaffolding business (Building C on the plan), an area used for caravan storage (Area D on the plan), and stables used as part of a DIY Livery operation (Building E on the plan). Your Client, the Tenant of the farm, has asked for your advice regarding the rules, regulations, legal and taxation issues that arise from this diversification, which has evolved over a period of time on a verbal basis.

List in bullet point form, in preparation for a meeting with the Tenant, the issues you will need to discuss with him, and the factors relevant in protecting his position moving forward in respect of each of these uses.

**4
for each
use**

Total 12

Question 6: Buildings

a) You will be shown Building A. The building measures 20m x 10m. Briefly describe the building. Prepare an estimate of the current reinstatement cost for insurance purposes, clearly stating any assumptions you have made.	6
b) Your Client, the Tenant, is planning to convert the range shown as Building E into a small office unit. He proposes to re-roof with a standard tile and undertake basic repairs before making any Planning Application.	
i) Identify and detail the works necessary in a Schedule of Works and provide some indicative figures for the cost of each of the items identified.	6
ii) Identify any legislation that may impact on the works.	3
	Total 15

Question 7: Dilapidations and Improvements

You will be shown Building B built in 1995. The farm is let on an Agricultural Holdings Act 1986 Tenancy incorporating the Model Clauses (SI 1973/1473).	
<u>Dilapidations</u>	
1.1 Describe the Building.	1
1.2 Prepare a schedule in note form of the Dilapidations.	2
1.3 For the Dilapidations listed above, identify which are the Tenant's responsibility.	2
1.4 Prepare brief notes on the basis of valuation, timescales and procedures for the Landlord to claim Dilapidations at the end of the tenancy.	2
<u>Tenant's Improvements</u>	
1.5 Provide a valuation of Building B as a Tenant's Improvement on the basis it is subject to an unconditional consent.	2
1.6 Briefly explain how a conditional consent may differ from an unconditional consent with regard to its valuation at the end of the tenancy.	1
	Total 10

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Written Practical Examination – Afternoon Paper

Wednesday, 10 November 2010

**Based on the Morning's Inspection of
Braham Farm, Little Thetford, Ely, Cambridgeshire**

**Examination to be held at
The Village Hall, Little Thetford**

at

2pm

All candidates should have read the 2010 Guidelines for the Practical and Written Examinations.

Answer only 4 out of the 5 questions set.

Time allowed for the paper – 2½ hours.

INTRODUCTION

Braham Farm is owned by a traditional Institutional Landlord and is let to J Bloggs on a 1986 Agricultural Holdings Act Tenancy – Model Clauses applying.

The let farm extends to 350 acres and the current rent, agreed in 2008, is £65 per acre.

Question 1: Succession

**Maximum
Marks**

Assume the farm Tenant has died suddenly at the age of 55. You have been asked to advise his widow, Sarah, (aged 54) and two sons:

15

- Stephen (age 25) – working full-time on the farm for the last four years having studied geography at University.
- Jonathan (age 22) – who has cut short his year out working on farms in Australia following a degree in Agriculture at University.

Write a letter to your Clients explaining:

- the criteria for a Succession Tenancy.
- the actions needed to be taken to make a claim for a Tenancy
- an initial recommendation on the family's options
- any further information or documents you require from the family to accompany any applications.

Question 2: Compensation

The Landlord has notified your Client, the Tenant, that he has been approached by Network Rail wishing to close the level crossing at point Z on the plan. This level crossing provides your Client access to the field identified on the plan (hatched), which is occupied under the AHA tenancy. The field is part of an ELS Agreement and extends to 35 acres.

- a) In bullet format, outline the issues from your Client's perspective.
- b) Prepare indicative figures for your Client's claim for compensation as part of the negotiations.

10

5

Question 3: Freehold Sale and Taxation

Your Client owns field W (edged blue on the plan) which extends to 30 acres and is considering selling it.

- a) Advise your Client how you would market the land for sale and bring the sale to a conclusion. **5**
- b) The land is registered for SPS purposes and falls within a larger ELS Scheme. Advise on how you would deal with these two matters following completion. **5**
- c) Advise your Client on the likely CGT implications of a sale and work through the anticipated CGT liability on the field. Assume that the land has been owned since 1960 and that it has been held on a vacant possession basis throughout. **5**

Question 4: Cottages, Tenancies and Planning

The two semi detached Bungalows (V on the plan) date from the 1970's and were constructed by the Landlord to provide accommodation for farm workers. They are subject to Agricultural Occupancy Restrictions. The Tenancy Agreement has a condition requiring the Bungalows to be occupied by the Tenant or the Tenant's employees. There are now no employees on the holding.

No 1 is currently occupied by a former employee long since retired who has lived in the Bungalow since it was first built, paying a rent of £10 per week. He is now in poor health and his family are considering whether to seek alternative accommodation in sheltered housing for him.

No 2 is currently let to a friend of the Tenant, who is occupying whilst he builds a new house, for a 12 month period. The house is likely to be completed in the next few weeks. The Landlord is unaware of the letting.

- a) Describe the nature of the Tenancies, any legislation likely to provide statutory control of the occupations and the influence that this legislation has on the terms and conditions. **5**
- b) Outline the options open to the Tenant if and when the properties become vacant having regard to the planning position and terms of the Tenancy, and what are the likely financial implications of each? **5**
- c) The Tenant asks you to advise regarding the possibility of removing the Occupancy Restriction, what steps will be needed to achieve this, and whether this would be beneficial financially? **5**

Question 5: Farm Rent Tender

A neighbouring landowner has decided to rent out 80 ha (200 acres) of unequipped land adjacent to Braham Farm. The land is being offered by Tender and the owner has decided to deal with this himself rather than involve an Agent. Your Client is interested in submitting a tender but the only information that has been provided is a plan.

- a) Prepare bullet point notes for a Client meeting outlining what information needs to be obtained from the current owner so that you can advise your Client on making a Tender. **10**
- b) Provide an indication of the likely rent that he will need to tender and any specific factors he should consider before taking on the additional land. **5**