

**THE CENTRAL ASSOCIATION OF
AGRICULTURAL VALUERS
EASTERN GROUP**

MORNING PRACTICAL EXAMINATION

WEDNESDAY 12 NOVEMBER 2008

AT

**Falcons Hall
Rickingham
Suffolk
(Postal address Diss, Norfolk)**

**By kind permission of
F W Barker (Farms) Ltd**

All candidates should have read the 2008 guidelines for the practical and written examinations.

All questions should be answered.

Time allowed: 4 hours.

Notebooks, question papers and CAAV publications for both morning and afternoon sessions of 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.

FALCONS HALL, RICKINGHALL, SUFFOLK

Background Information

Falcons Hall extends to 216.77 hectares (535.63 acres) as shown edged red on the attached plan.

The farm is owned by the directors of F W Barker (Farms) Ltd personally and is subject to a tenancy in favour of F W Barker (Farms) Ltd which was created in 1955. The land is contract farmed by Alistair Sharp who farms in total approximately 2,000Ha of arable land.

The farm comprises:

	Hectares	Acres
Arable Land	203.20	502.10
Permanent pasture	2.06	5.09
Woodlands/Tracks/Waste	9.30	22.98
Buildings/Hardstanding	1.40	3.45
Dwelling Houses	0.81	2.00
Total	216.77	535.63

- Detached 5 bedroom farmhouse
- Nos 1 and 2 Falcons Hall Cottages
- Nos 1 and 2 Kiln Farm Cottages
- Agricultural buildings
- Redundant traditional farm buildings
- Commercial buildings

During the examination please ensure you:

- 1 Answer all of the questions set in the notebook provided, with all your answers presented in an orderly and logical format. You do not have to answer questions in chronological order but the format must be clear to the examiner. It is useful to include an index. Please write your candidate number and the area in which you practice in the front of the book.
- 2 Show your methods of calculation in arriving at your answers.
- 3 Do not discuss any of the questions or related matters with other candidates.
- 4 Detail any assumptions made in arriving at your answers.
- 5 Observe as much of the holding as you can so that you can answer the written examination in the afternoon – this will be based on the farm.
- 6 Stay with your allotted examiner at all times during the morning – you are not allowed to be unescorted.

Remember that marks are awarded for the way in which your notebook is presented and for your conduct in the field.

	Maximum Marks
<p>Question 1: Implements and Machinery</p> <p>You will be shown 5 items of machinery, numbered 1 to 5. Briefly describe each item as if presented at a Machinery Auction. Provide a market value for each item.</p>	10
<p>Question 2: Crops in Store</p> <p>In front of you is Building A.</p> <p>a) Please identify the commodity within Building A and list three possible uses for that commodity.</p> <p>b) The dimensions of the heap within Building A on the left hand side as you face it are 30m length x 10m width by 3.5m height. Please calculate the total tonnage in store showing all workings and give the current value per tonne. Assuming the right hand side is filled to the same dimensions as the left hand side but with combinable beans calculate the total tonnage in store showing all your workings and give the current value per tonne.</p> <p>c) Please assume that you have been asked to produce a valuation of the buildings in the yard and write a brief description of Building A for inclusion within your valuation report. You may assume the dimensions of Building A are as follows: 30m x 21.4m x 8m.</p> <p>d) The client has asked you to give them an indication of what value should be placed on the building for insurance purposes. Please show all your workings.</p>	2 4 3 3
<p>Question 3: Growing Crops (valuation for stocktaking purposes)</p> <p>a) You will be shown growing crops in Fields X and Y. Please provide a stocktaking valuation for the two crops as at 12 November 2008. Please comment on whether you should use a deemed cost or net realisable value in the above valuation.</p> <p>b) Please provide 2009 harvested gross margins for both crops.</p>	8 6

<p>Question 4: Landlord/Tenant</p> <p>Building A was constructed in 2007 in readiness for 2007's cereal harvest by F W Barker (Farms) Ltd.</p> <p>a) Please advise F W Barker (Farms) Ltd what compensation they might receive at the end of the tenancy assuming that the tenancy will end on 12 November 2008. Please advise on the basis that it may be either a tenant's fixture or tenant's improvement. Please assume that you are looking at this matter purely under the Agricultural Holdings Act 1986.</p> <p>b) Please could you also advise whether the building should be reflected in a rental valuation under the Agricultural Holdings Act either as a fixture or improvement.</p> <p>The dimensions of this building are 30m x 21.4m x 8m.</p>	<p>8</p> <p>2</p>
<p>Question 5: Farm Buildings and Health and Safety</p> <p>a) You will be shown Shed C from the outside.</p> <p>i) What might you expect to be contained within Shed C (one answer only), and for what use?</p> <p>ii) What rental value per square metre might you expect?</p> <p>iii) Please provide a cost per square metre for putting up a new building</p> <p>iv) What does IPPC stand for and would it apply to this holding?</p> <p>b) Your client is considering re-roofing Building F. Identify five Health and Safety issues your client should ensure are dealt with before any work could begin and explain a landowner's obligations in this context with any statutory/regulatory references which are relevant.</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>5</p>

Question 6: Entry Level Stewardship	
You will be shown a hedge and buffer strip at point Z. The length of the hedgerow is 100m and the width of the buffer strip is 4m. Answer this question on the basis that no ELS agreement is in place.	
a) Under ELS, what is the payment rate for eligible land outside the moorland line? What is the points target for the holding? (See page 2 for a breakdown of the holding).	2
b) What is the payment rate under the OELS scheme?	1
c) Under option EBI, between what dates may hedge cutting not take place?	1
d) How many points can be obtained for 4m buffer strips on cultivated land under ELS option EE2?	1
e) Does the 4m ELS buffer strip include or exclude the 1m or 2m cross compliance strip?	1
f) What happens if the farmer lets, sells or transfers part of the ELS agreement land?	2
Nitrate Pollution Prevention Regulations 2008	
You will assume that 500 tonnes of poultry manure are stored on the holding and that the farm fell within the previously designated Nitrate Vulnerable Zones.	
a) When do the 2008 regulations come into force?	½
b) Which government agency enforces groundwater pollution prevention?	½
c) Taking into account the limit on the application of organic manure to be applied per hectare and assuming that the total amount of nitrogen in poultry manure is 20kg in each tonne, how many hectares do you require to spread the heap?	1
d) What is the closed period for the spreading of organic manure on tillage land for all other soils but for sandy and shallow soils?	1
e) What are the requirements for storage of organic manure on temporary field sites?	1

Question 7: Commercial Lettings	
a) The building marked D1 is let on an informal arrangement to a blacksmith. What legal advice would you give your client?	3
b) The building marked D2 is let on a formal arrangement. List five terms you might expect to see in the lease and what rental value per square metre might you expect?	6
c) If Building D2 fell vacant on 13 November 2008 would any rates be payable and if so when?	2
d) If Building D2 was marketed to be re-let what regulation has come into force in the past couple of months which is required to be shown. How would you alter the let details?	1

**THE CENTRAL ASSOCIATION OF
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**WRITTEN PRACTICAL EXAMINATION
AFTERNOON PAPER**

WEDNESDAY 12 NOVEMBER 2008

**BASED ON THE MORNING'S INSPECTION OF
FALCONS HALL, RICKINGHALL, SUFFOLK**

EXAMINATION TO BE HELD AT

**GARBOLDISHAM VILLAGE HALL
GARBOLDISHAM, NORFOLK**

**ALL CANDIDATES SHOULD HAVE READ THE 2008 CAAV GUIDELINES
FOR THE PRACTICAL AND WRITTEN EXAMINATIONS**

ANSWER ONLY FOUR OUT OF THE FIVE QUESTIONS SET

TIME ALLOWED FOR THE PAPER: 2 ½ HOURS

FALCONS HALL, RICKINGHALL, SUFFOLK

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During the examination please ensure you:

- a) Answer **four** out of the **five** questions set on the paper provided. Please make sure that your answers are presented in an orderly, logical format.
- b) Write your candidate number and the area in which you practice on the front of your answer paper.
- c) Start each question on a separate piece of paper.
- d) Show your methods of calculation and arriving at your answers.
- e) Demonstrate all the assumptions made within your answer.

All questions carry 15 marks.

	Maximum Marks
<p>Question 1</p> <p>There is a proposed Anglian Water pipeline scheme running through Great Leys field marked blue on Plan 2.</p> <p>a) Please advise your client what notices will need to be served by the statutory authority to implement the scheme.</p> <p>b) i) Please advise your client on what principal heads of claim there may be.</p> <p>ii) Assuming a normal protected strip width of 6 metres and length of 700 metres, on a freehold vacant possession basis, what permanent loss in the value of the land would you expect as a result of the presence of the pipe expressed per linear metre.</p> <p>c) For the 2008 claim year, single payment scheme entitlements have been activated on the whole of the field area.</p> <p>i) What impact does the presence of the proposed pipeline works have on the 2008 SP5 claim and what must the claimant do in the event of the works being undertaken prior to 31 December 2008</p> <p>ii) What are the cross-compliance implications.</p> <p>d) The contractors to the scheme, May Gurney, have expressed interest in hiring a compound site which is cross-hatched orange on Plan 2. The site measures 60m x 90m. Please can you advise your client in how to deal with this approach, both in terms of principal heads of terms for the letting and the likely value you might expect over a nine month period.</p>	<p></p> <p>2</p> <p>2</p> <p>1</p> <p>3</p> <p>2</p> <p>5</p>

<p>Question 2</p> <p>You have been shown a pair of cottages and an adjoining field which is edged green on Plan 2. Your client has to raise some funds after much discussion with his family and advises it has been decided to sell the cottages and so much of the adjoining field as is necessary to get the best price.</p> <p>a) Please could you provide your recommendations to the client as to your advice on the sale, including how you will market the property, costs and your fees.</p> <p>b) Please could you provide a valuation of the cottages and appropriate grounds on the basis that the properties are presently let on assured shorthold tenancies.</p> <p>c) Please can you also provide a brief list of the information you will require from your client and his other professional advisers.</p>	<p>5</p> <p>5</p> <p>5</p>
<p>Question 3</p> <p>Assume Falcons Hall is a block of 500 acres with house, cottage and a landlord's grain store which is due for a rent review on 11 October 2009. You are acting for the landlord.</p> <p>a) Under each of the two potential statutory codes covering agricultural holdings, set out the relevant sections of which acts appropriate notices should have been served under and explain any timing deadline.</p> <p>b) Identify the basis of review under each code with specific statutory references.</p> <p>c) Compare and contrast likely rental values achievable and explain why they may be different.</p> <p>d) Assuming no agreement has been reached by the term date on 11 October 2009 what are the landlord's options?</p> <p>e) What is a Calderbank offer and how does it work?</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p> <p>3</p>

<p>Question 4</p> <p>You have been shown Barn W. Your client is looking for advice in respect of what alternative use they can put this redundant traditional farm building to.</p> <p>a) Please write a suitable letter to your client advising them as to alternative use, the planning process involved, time scales, costs of pursuing a planning application and what their options are if planning is obtained.</p> <p>b) Please advise what their tax liability may be upon sale. (showing your workings separately to the main letter)</p>	<p>10</p> <p>5</p>
<p>Question 5</p> <p>F W Barker (Farms) Ltd are considering whether to farm in-hand, let the land out on a farm business tenancy or continue with the contract farming arrangement.</p> <p>Please can you provide your client with a briefing note using bullet points on each of these three options giving likely returns on each basis, assuming the holding to be 500 arable acres, one farm worker's cottage and the modern grain store, and please explain the advantages and disadvantages of all three options, both fiscal and non-fiscal.</p>	<p>15</p>