

Central Association of Agricultural Valuers

Northern Group Practical Examination

Wednesday 12th November 2008

Morning Paper

8.45am – 1.00pm

FARM INSPECTION/COMPLETION OF NOTE BOOK
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Important Notes

1. You are required to answer **ALL** questions on this paper.
2. **20 marks are allocated to Question 1, and 10 marks to each of the remaining 6 questions.**
3. Please write your candidate number (not your name) on the front of your notebook.
4. Answers to all questions on this paper should be completed in the Notebook provided. (These books will be taken from you for marking at the end of the morning session. Therefore any additional notes you wish to make to assist with the afternoon paper or the oral interview should be made on separate paper provided).
5. In answering the questions show all workings, any assumptions, and basis of valuation where applicable.
6. Your attention is drawn to the afternoon paper and the note regarding the oral interview. Your observational powers will be tested.
7. All answers must be given in metric.

Question 1

You will be shown the following items of live and deadstock. Please provide the information listed below in your notebook. All values given should be as at today's date.

Total marks for this question = 20

1. 8 bales of produce marked '1' (Harvested 2008).
 - 1.1. Brief description and state the estimated total weight of the 8 bales.
 - 1.2. Value - £ per tonne ex-farm.

2. 1 bale of produce marked '2' (Harvested 2008).
 - 2.1. Brief description and state the estimated number of bales of this item per tonne.
 - 2.2. Value - £ per tonne ex-farm.

3. 9 boxes marked '3'.
 - 3.1. Brief description.
 - 3.2. Total value of the 9 boxes.

4. Livestock marked '4' (Please note that the livestock referred to are the 2 smallest animals only in the pen. They are 6-8 months old, both the same sex and assume non pedigree). DO NOT ENTER THE PEN.
 - 4.1. Describe the animals including breed and sex.
 - 4.2. Provide the estimated average weight (Kg per head) and the estimated average value (£ per head).

5. Produce marked '5' (Harvested 2008).
 - 5.1. Identify the produce and provide the value - £ per tonne ex-farm (assume feed value).
 - 5.2. How many cubic metres of this produce are there per tonne?

6. 1 bag of the item marked 'A'.
 - 6.1. What do the numbers 27-0-0 stand for?
 - 6.2. Cost - £ per tonne delivered to farm.

7. Item marked 'B'.
 - 7.1. Brief description.
 - 7.2. Value - £

8. Item marked 'C'.

- 8.1. Brief description.
- 8.2. Value - £

9. Item marked 'D'.

- 9.1. Brief description.
- 9.2. Value - £

10. Item marked 'E'.

- 10.1. Brief description.
- 10.2. Value - £

Question 2

Please inspect the eastern portion of field OS 5890, as marked on plan 1.

1. Identify the crop. **(1 mark)**
2. Provide a valuation of the crop as at the date of inspection, giving costings for each assumed cultivation, the cost of seeds, fertiliser and spray inputs. Give your assumptions based on an assessment of the soil type and conditions in the field. Answer on a per hectare basis. **(4 marks)**
3. Provide a gross margin for the identified crop for the 2009 harvest year. **(3 marks)**
4. Identify the key differences between the gross margins for the 2009 harvest year and the 2007 harvest year. **(2 marks)**

In providing your answer, state all assumptions.

Question 3

For the purposes of this question father owns the farm and has done so for many years. He has just retired and now lives in The Oaks Bungalow. His daughter, who is a full time housewife, lives in the farmhouse and keeps her hunting horses on the farm. She also keeps the farm books for her brother who now farms the farm from the next-door farm where he lives. A local haulier is an old friend of the family and by oral agreement parks his lorries in the area to the east of buildings 1 and 2 and has the shooting over the farm letting the occasional day.

1. In respect of the farm comment on what, if any, Inheritance Tax Reliefs (IHTR) may be available on the various elements of the property in the father's estate if he died today and whether they would apply. **(8 marks)**
2. Highlight any issues as to business rates. **(2 marks)**

Please provide your answer in bullet point format.

Question 4

Your client is a prospective tenant for Clock Farm and intends to farm the holding in a similar manner to the present occupier. Using the dimensional plan provided comment, in note form, on the suitability of the buildings and fixed equipment on this holding taking into account the cropping, stocking and nature of the holding. Buildings 2, 3, 4, 8 and 11 should be inspected externally only. **(10 marks)**

Question 5

The single storey former cottage (building 4 on plan 2) which backs on to Grimston Wood belongs to the Landlord and is overdue for external repairs and painting. The tenancy is under the Agricultural Holdings Act 1986 and incorporates SI 1973 no 1473 and any amendments.

Looking at the west side of the building only:-

1. Tabulate the repairs/replacements/painting required and identify the liabilities of the Landlord and the Tenant.

A detailed schedule and specification are not required. **(7 marks)**

2. Set out the costs of the different types of repair/replacement and painting required.

Apportionment of the costs between Landlord and Tenant are not required for this section. **(3 marks)**

Do not enter the building.

Question 6

The freehold interest in the farm is to be offered for sale with the benefit of vacant possession as a whole.

Your client is interested in purchasing the holding and has asked you to undertake an appraisal and give your advice.

Write brief notes on the issues you will take into account when formulating your response. You are not required to provide valuation figures for the purpose of this question. **(10 marks)**

Question 7

The Landlord, your new client, has been letting Clock Farm to the Tenant, on a Farm Business Tenancy, under the Agricultural Tenancies Act 1995.

The Tenancy is coming to an end and the Landlord has been approached by the outgoing Tenant about the Dutch Barn, Building No 15 on plan 2. The Landlord is unsure what status the Dutch Barn has under the Farm Business Tenancy, but he would like to retain it on the Holding for future use, if possible.

For the purpose of this question please assume the barn is a stand alone building.

You are required by your client to provide him with the following, in short note or bullet point format:

1. A brief Description, including:
 - Dimensions
 - Construction details
 - State of Repair
 - Capacity – your client is interested in storing Hesston Straw bales and needs to know how many tonnes of straw storage there is potentially.
 - Valuation for insurance purposes. **(4 marks)**
2. Further information you require from your client in order to determine the current status of the buildings. **(2 marks)**
3. The way(s) that the building could be treated for compensation under the 1995 Act, together with your estimate(s) of value and brief reasoning for the same. **(2 marks)**
4. Any Notice provisions that you would expect either party to give to the other as part of the above. **(2 marks)**

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Northern Group Practical Examination

Wednesday 12th November 2008

Afternoon Paper

2pm – 4.30pm

PRACTICAL WRITTEN

Important Notes

1. Answer **4 out of 5** questions on the paper provided.
2. **All questions carry equal marks: 15 each.**
3. Write your candidate number only (not your name) in the top right hand corner of each page.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Write on one side of the paper only and leave a margin at the left-hand side.
6. Questions are related to the farm inspected this morning and are individually framed so as to minimise the need to make assumptions. Please state clearly any assumptions you do make and the reason for them.
7. Presentation and clarity of your answers is important.
8. All answers must be given in metric.

Question 1

Your client owns a Paintballing Company which operates on a number of sites in Yorkshire. They are looking to expand in the York area. Your client is familiar with Clock Farm, having shot as a guest of the owner last season. The part of the holding your client is interested in includes: the redundant cottage and adjoining barn (buildings 3 and 4 on plan 2), the parking area to the east of buildings 1 and 2, and part of Grimston Wood to the east. In preparation for a meeting with your client, write bullet point notes on:

1. The key issues of importance you wish to bring to your client's attention with regard to the suitability of the property for the intended use. **(4 marks)**
2. Draft 'Heads of Terms' for your client to put to the owner of Clock Farm, with a view to securing a lease of the property required. **(10 marks)**
3. From your knowledge of the property, provide your client with a band of rents (high and low figure) within which he should be prepared to negotiate. **(1 mark)**

Question 2

1. Clock Farm is let under an Agricultural Holdings Act 1986 written tenancy agreement. The agreement contains a clause barring sub-letting and assignment.
2. The Oaks Bungalow has been occupied since it was built, in the mid 1970's, by a farm worker employed on the farm by the tenant farmer.
3. The planning consent for the bungalow contains an Agricultural Occupancy Condition restricting the occupation of the bungalow to a person wholly or mainly engaged or last engaged in the locality in agriculture or forestry.

Your client is the landlord of Clock Farm. He has learnt that the farm worker who has been resident in The Oaks Bungalow is to retire and plans to move into a cottage in Grimston. The farm tenant has asked your client if he has any objection to his sub-letting the bungalow, together with an acre of immediately adjoining pasture for horse grazing, as shown coloured green on plan 1. A local couple with a retail shoe sales business in York would like to rent the bungalow, their daughter having an interest in horses purely as a personal leisure interest. The farm tenant proposes using an Assured Shorthold Tenancy to cover the letting.

Please write notes in bullet point format, setting out the principal issues that you feel your client needs to consider and address. Include any points your client might wish to draw to the attention of the farm tenant associated with the proposal and/or any other letting arrangements you may feel might beneficially apply. Please comment on any practical issues you observe associated with the use of the paddock for grazing occupied in connection with the bungalow.

In this context, please note that your client and the farm tenant have an excellent relationship with each other and your client will wish to be open with his tenant over all aspects he envisages as being associated with the tenant's proposal. **(15 marks)**

Question 3

The Tenant of Clock Farm has surrendered his tenancy and the farm has become vacant. You act on behalf of the owner who originally acquired the farm as an investment. Your client is intending to develop the house and traditional buildings but requires advice on the future management of the land and modern farm buildings, identified as buildings 1, 5, 13, 14 and 15 on plan 2. Please prepare brief notes for a meeting with your client at which you will compare and contrast the advantages and disadvantages of re-letting the land by Farm Business Tenancy or Contract farming the land. Your advice should include reference to taxation issues. **(15 marks)**

Question 4

Your client, the owner-occupier of Clock Farm has recently attended an NFU sponsored breakfast meeting on Agricultural Regulations. Whilst there, he was talking to neighbours about the recent changes to the Stewardship Schemes.

Having managed to not show his ignorance on these matters over breakfast he returned to the farm and immediately rang your secretary to make an appointment to meet with you to discuss his concerns.

Specifically he wishes to discuss with you:

1. The Farm Waste Regulations – what do they require him to do? **(2½ marks)**
2. Nitrate Vulnerable Zones – Clock Farm now falls within the NVZ - how will this affect his farming practice & his plans to increase suckler cow numbers to 50 for next winter? **(10 marks)**
3. The Entry Level Stewardship Scheme – what are the recent changes to the scheme and how will they affect his plans to enter the scheme this year? **(2½ marks)**

Please make brief notes in preparation for the meeting outlining what advice you will give.

Question 5

YEDL (Yorkshire Electricity) are to construct a new 5km long overhead electricity line eastwards from York and have given notice of their intention to erect the new line across Clock Farm on the line shown on plan 1, parallel to the existing overhead line. Their main contractors have approached the tenant with a request to place their main storage and office compound for the overall scheme in OS 5890, shown coloured red on plan 1. YEDL have indicated to the Landlord that they are happy to offer either a wayleave or an easement for the cables and poles.

You have been asked to represent both Landlord and Tenant.

1. Set out in note form the basic heads of terms relating to compensation and accommodation works for a pre-start discussion with the tenant. **(5 marks)**
2. Set out in note form basic heads of terms for an agreement with the contractors for their compound. **(6 marks)**
3. Advise the landlord on the difference between an easement and a wayleave. **(4 marks)**

BACKGROUND INFORMATION

CLOCK FARM, GRIMSTON, DUNNINGTON, YORK

1. Area

101.08 hectares (249.76 acres)

2. Cropping

72 hectares (178 acres) combinable crops

18 hectares (44 acres) potatoes

5 hectares (12 acres) permanent grass

3. Stocking

10 cow suckler herd

4. Dwellings

1. Clock Farmhouse: 4 bedrooms, 2 bathrooms
kitchen, 2 reception rooms

2. The Oaks Bungalow: 3 bedrooms, bathroom
kitchen, 1 reception room

5. Farm Buildings

1. Traditional range of brick construction including a Grade II listed clock tower.

2. General purpose shed, dutch barn, grain store (capacity 520 tonnes in bins), grain drier (capacity 9 tonnes per hour), ambient potato store (capacity 500 tonnes)

6. Rights of Way

A public footpath crosses the farm between points A and B on plan 1, coloured yellow.

NOTES

RE: ORAL INTERVIEW

Whilst on the farm please take careful note of the farm buildings and surrounding area. The farm is let on an Agricultural Holdings Act Tenancy and the Landlord has obtained full planning permission for an alternative use of the traditional farm buildings.

The relevant information can be obtained from external observation of the property within the farm steading and in the area around the farm buildings.

PLEASE NOTE:

This paper will be retained by the candidate and kept safely as it will be required for the oral examination on Thursday afternoon.