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

**Morning Practical Examination**

**Wednesday 14th November 2018**

**At**

**Park Farm, Madingley, Cambridge**

**Cambridgeshire CB23 8YW**

**Guidance for Candidates**

Candidates should have read the 2018 Guidelines for Practical and Written Examinations. All questions in this paper should be answered.

Time allowed – 3 ½ hours with half an hour extra for completion of calculations and final check on notebook answers (4 hours total).

Notebooks, question papers and CAAV publications for both the morning and afternoon sessions for the practical examination will be handed to the candidates at the initial briefing.

During the morning session candidates will be shown various items by the examiners

**Introduction and background**

Park Farm is owned by a local University as part of their non-operational property investment portfolio. It extends to about 608.56 acres (246.46 ha) as shown outlined in red on the attached Plan and includes two dwellings, farm buildings and land.

The farm is let under an AHA tenancy on full repairing and insuring terms to Mr Henry Latham, a widower aged in his late seventies. The tenancy commenced on the 29th September 1970 and the farm is run as a mixed arable, dairy and sheep enterprise.

Henry has two sons Martin and Michael aged 45 and 43 years respectively who work with him on the farm although one of them lives in a cottage which he owns in the village.

Henry’s health has deteriorated recently and the family have been contemplating how to safeguard the future of the farm.

An area of the holding close to the centre of the village shown hatched on the Plan and extending to about 29.27 acres (11.85 ha) is being promoted by the Landlord for residential development.

The land edged blue on the Plan of about 154.98 acres (62.77 ha) is in separate ownership however the University has always expressed an interest in purchasing it.

**QUESTION 1**

A. The field marked X is destined for a maize crop, to be forage harvested and used as livestock feed. Assume the field is 15 hectares.

1. What is the likely yield in tonnes per hectare fresh matter **(1 mark)**
2. Mr Latham employs a neighbouring contractor to muck spread, drill and harvest the maize crop. To assist with cash flow planning, provide budget total contracting costs for each operation and the month they will be due. Assume there is 12 hours’ worth of muck spreading. Assume the contracting invoices will be charged at cost and due the month following the work is carried out.

**(3 marks)**

B. Identify the current crop in the field marked Y and provide a valuation for stock taking purposes for this crop at today’s date showing your calculations and assumptions. Your valuation should assume the area of the field is 12 hectares*.* **(6 marks)**

C. Provide a Gross Margin for a crop of Spring Barley on a per hectare basis for harvest 2019

**(3 marks)**

D. List the advantages and disadvantages of growing Spring Barley compared to Winter Barley

**(2 marks)**

**QUESTION 2**

A. Assuming a heap size within Building A of 11m wide x 8m at the base and 3m high, identify the produce harvested in 2018, calculate the total tonnage showing all your workings and assumptions and provide the current market value of the heap ex-farm. Assume a front slope angle of 45 degrees. **(3 marks)**

B. Identify the commodities shown 1 & 2, estimate the weight of the single bale and provide a current value per tonne ex-farm stating any assumptions. **(4 marks)**

C. Describe each of the 4 items of farm machinery marked 3-6 for inclusion within an auction catalogue and provide an estimate of the current market value for each. **(8 marks)**

**QUESTION 3**

1. Describe and give the current market value of the following pens of livestock:
   1. Pen 1 – Assume they are 3-4 years old and due to calve in Dec 2018 **(1 mark)**
   2. Pen 2 – Assume they are 5 months old **(1 mark)**
2. Describe and value for annual stocktaking purposes the livestock in Pen 3

**(1 mark)**

1. State the current milk price as at today’s date **(1/2 mark)**
2. How many litres of milk on average per year would you expect a dairy cow in her prime to produce? **(1/2 mark)**
3. State 4 Cross Compliance measures which farmers must adhere to if they are a keeper of beef or dairy cattle **(2 marks)**
4. Please state the measures that must be adhered to when considering the waste produced by the livestock on Park Farm. **(2 marks)**
5. The occupant of Park Farm is seeking to reduce the area of uncovered concrete yard areas that store farmyard manure. Make notes for a meeting covering any financial assistance that may be available and how might this be obtained? **(2 marks)**
6. An existing client has asked for your assistance with his 2019 Basic Payment Scheme Form submission. He has a Mid-Tier Countryside Stewardship Agreement in place that commenced on 1/1/2017 and is in the process of planning his spring cropping requirements. His Countryside Stewardship Agreement includes options AB1, AB9, GS2 and HS1.
7. What is option AB9 and the annual payment rate per Ha? **(1 mark)**
8. Could his CSS arable options be used towards his EFA greening requirements? What impact if any would this have on his annual CSS payment? **(1 mark)**
9. Advise one alternative EFA option he could use and the EFA weighting it carries

**(1 mark)**

1. Your client has received a phone call informing him of a Countryside Stewardship inspection. List the evidence and items he must prepare for the inspection based on the options included in his agreement: **(2 marks)**

**QUESTION 4**

You will be shown a building marked ‘Building A’. The building was constructed by the tenant 10 years ago.

Your client’s bank, as part of a valuation for loan security, has asked for an estimate for insurance purposes of the reinstatement costs of the building.

1. Provide a brief description of the building. **(2 marks)**
2. Provide a valuation of the building for insurance purposes.

You should show all calculations and workings. **(3 marks)**

For the purposes of this question only, you are to assume that a valid notice to quit has been served upon the tenant and which terminated as of Michaelmas 2018. Provide a value for the building at the end of the tenancy assuming:

1. It is a tenant fixture and the landlord has opted to purchase the building. Give the basis of valuation. **(2 marks)**
2. It is a tenant’s improvement with unconditional landlord’s consent. **(2 marks)**
3. Under which section of the AHA 1986 must Notice be served by either party on the other in order to enforce a claim for compensation at the end of the tenancy and what is the time limit by when the Notice has to be served? **(1 mark)**
4. Describe three main differences between the fixture regime under a FBT and an AHA tenancy. **(3 marks)**
5. Outline the basis of end of tenancy compensation for Building A assuming it had unconditional landlord’s consent under a FBT and the methodology you would adopt in assessing the level of compensation. **(2 marks)**

**QUESTION 5**

Building B is a redundant barn formerly used for agricultural purposes measuring 9.00m x 41.00m. The Landlord of the holding would like to explore planning opportunities for the residential conversion of the building into two dwellings and requires your advice on the following. There are no Listed buildings nearby and the building does not fall within any specific local or national planning designations.

The Landlord is considering a potential residential conversion under the Class Q rules defined in the Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2018.

A. What is the maximum total permitted floor area for residential conversion under Class Q?

**(1 mark)**

B. What is the maximum permitted floor area of a smaller dwelling house as referred to under the Class Q definition? **(1 mark)**

C. What is the maximum total number of dwelling houses permitted under Class Q, and how many of these can be larger dwelling houses? **(2 marks)**

Following the outcome of pre-application advice, the Landlord has opted to submit a full planning application to the local planning authority.

D. Provide a bullet point list of the documents/information you would expect to submit for this type of application. **(5 marks)**

E. Briefly advise how much you would expect the residential conversion costs of the project to be. **(1 mark)**

**QUESTION 6**

Your client Henry Latham has asked to meet with you to discuss the future subletting of a cottage on the Holding which is no longer needed to house an agricultural worker. Your client wants to maximise income from any subletting with minimal management input and cost. The property, which will be shown to you, is currently vacant and briefly includes 3 bedrooms and 2 reception rooms. The condition is very basic. It is not subject to an AOC. Services include mains electricity, water, private drainage and gas central heating. There is a wood burner in the living room.

A. What factors do you need to consider in assessing whether the property is ready for letting? Consider what will maximise the rental income and what regulatory matters need to be addressed. **(10 marks)**

B. What type of tenancy would you recommend is used and what information must the Landlord provide to the Tenant at the commencement of the tenancy to ensure that a valid notice can be served to terminate the tenancy? **(3 marks)**

C. Subletting is currently prohibited under the terms of the AHA tenancy. On what basis would you seek to obtain the Landlord’s consent to sublet the property and can you provide an estimate of the gross monthly rent the property should achieve once refurbished and regulatory compliant. **(2 marks)**

**END OF PAPER**