

## **BACKGROUND INFORMATION**

### **CEDAR TREE FARM, ASKHAM RICHARD, YORK**

Cedar Tree Farm is located in the centre of the village of Askham Richard, which is approximately 6 miles west of York. The farm is a mixed holding, comprising 47.24 hectares of arable land and 21.50 hectares of grass. The homestead comprises a detached dwelling, fronting onto the main street, a range of traditional buildings, and a further range of modern buildings.

The entire farm is shown edged red on plan 1, the homestead is shown on plan 2, and there is a separate schedule describing the modern farm buildings, including their measurements.

**CEDAR TREE FARM**

**FARM BUILDINGS**

|   |                      |   |
|---|----------------------|---|
| 1 | Workshop             | 13.70m x 9.14m                          |
| 2 | Dutch Barn           | 22.85m x 6.40m                          |
| 3 | General Purpose Shed | 22.85m x 9.14m                          |
| 4 | Grain Store          | 24.38m x 18.28m                         |
| 5 | Fattening Yard       | 27.43m x 12.19m<br>(plus 2.43m overlay) |
| 6 | Dutch Barn           | 22.85m x 9.14m                          |
| 7 | Cattle Yard          | 22.85m x 18.28m                         |

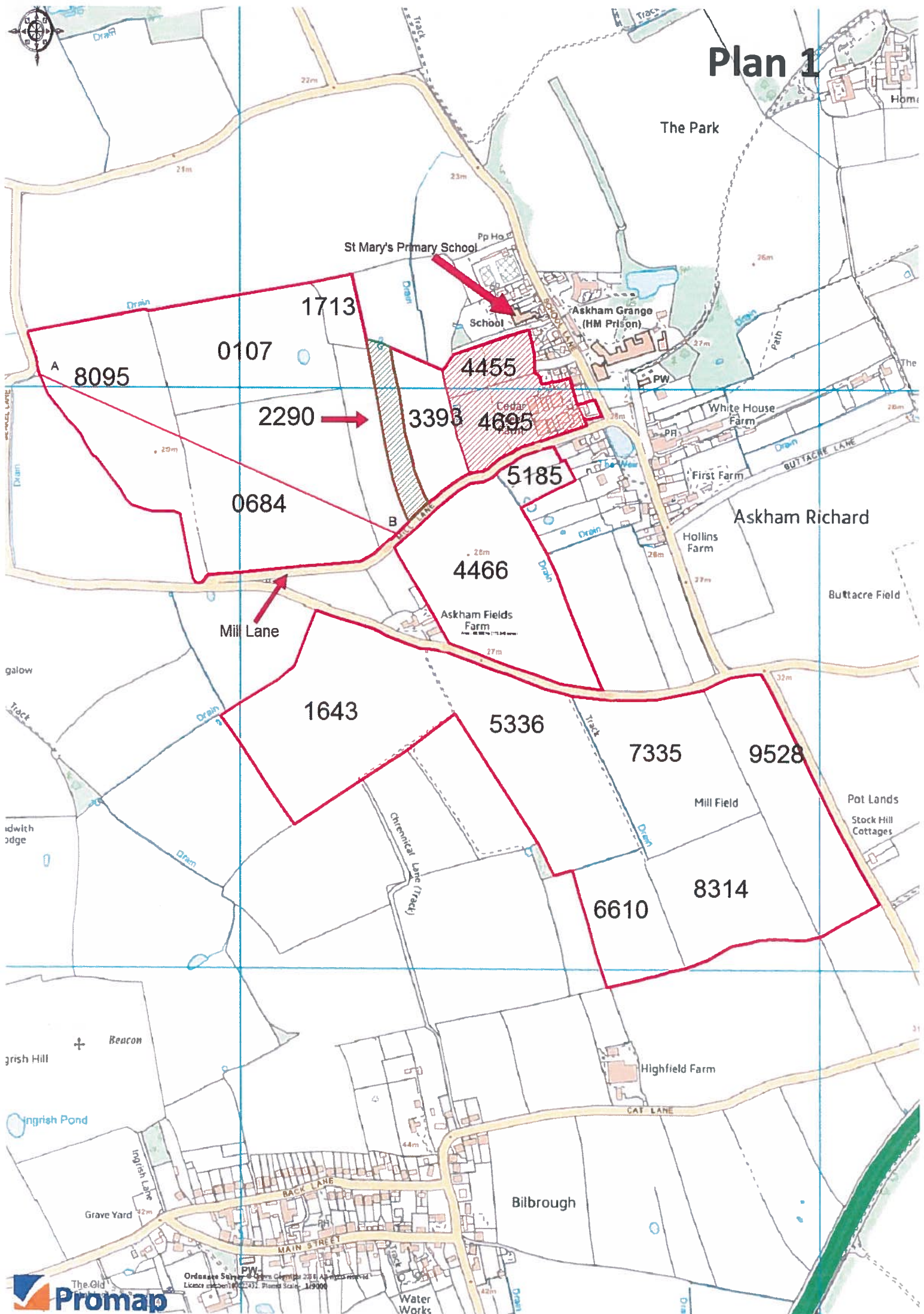
| <b>CEDAR TREE FARM, ASKHAM RICHARD, YORK</b> |                        |
|--|------------------------|
| <b>Parcel ID</b>                             | <b>Total Area (Ha)</b> |
| 8095   | 6.18                   |
| 0684   | 8.53                   |
| 0107   | 5.40                   |
| 1713   | 0.79                   |
| 2290   | 1.98                   |
| 9528   | 5.06                   |
| 8314   | 4.70                   |
| 7335   | 5.55                   |
| 6610   | 2.86                   |
| 5336   | 6.53                   |
| 1643   | 7.83                   |
| 4695   | 1.85                   |
| 4455   | 1.45                   |
| 4466   | 7.23                   |
| 5185   | 0.85                   |
| <u>3393</u>                                  | <u>1.95</u>            |
|  | <b>68.74</b>           |

## **CAAV NORTHERN GROUP 2018**

### **ORAL QUESTION**

Whilst on the farm, walk around and observe the buildings and yard situated within the blue line on Plan 3.

# Plan 1



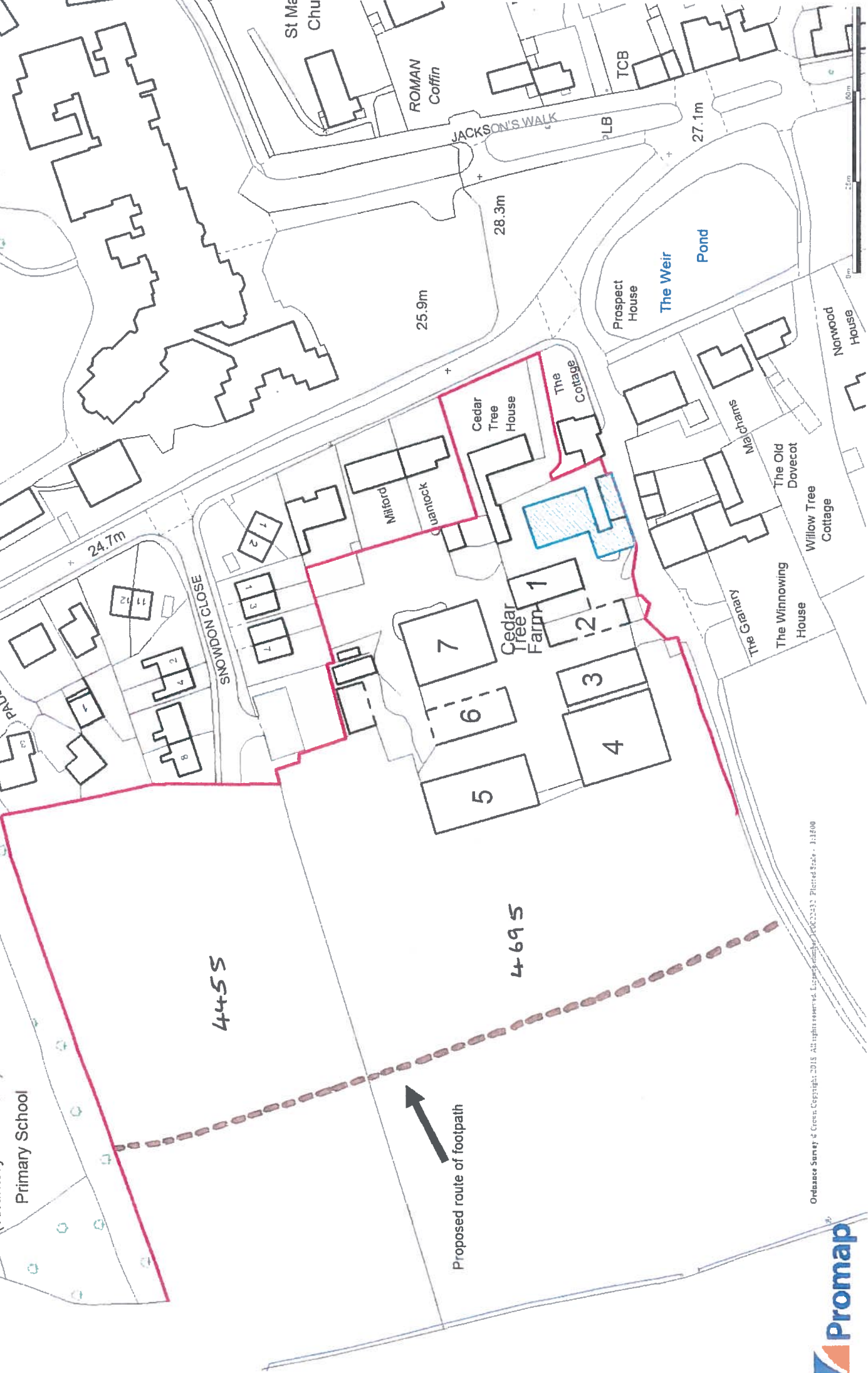




Pond  
St Mary's  
Church of England  
(voluntary controlled)  
Primary School

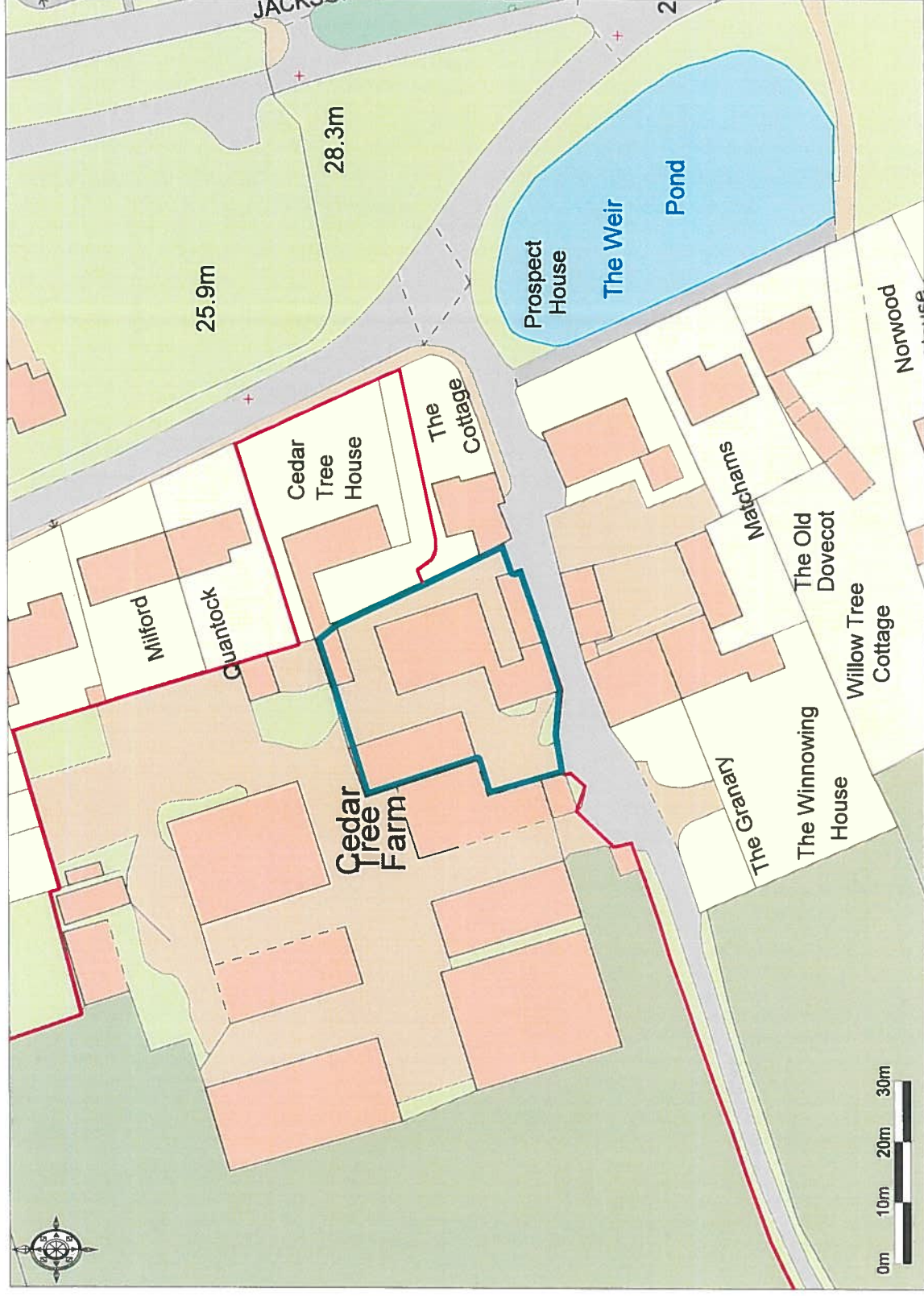
Askham Grange  
(HM Prison)

# Plan 2



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# Plan 3



Ordnance Survey © Crown Copyright 2018 All rights reserved Licence number 100023472 Printed Scale - 1:1000

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 14<sup>th</sup> November 2018**

Morning Paper

**8.45am – 1.00pm**

|  |
|--|
| <b><u>FARM INSPECTION/COMPLETION OF NOTEBOOK</u></b> |
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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, 15 marks are allocated to Question 2 and 10 marks to each of the remaining 5 questions.**
3. In addition, 5 marks are available for presentation of the 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 candidates must answer the questions on the basis of English conditions/law.

***YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON PAPER DURING THE MORNING.***



## **Question 1**

- a) i identify the produce marked 'A'  
the dimensions of the produce are 12.5m x 10m x 2m
- ii calculate the tonnage of the produce
- iii estimate the total value of the produce **(2 marks)**
- b) Describe, estimate the tonnage, and value the nine bales of produce marked 'B' **(2 marks)**
- c) Describe and value the three bags marked 'C' **(2 marks)**
- d) Describe, estimate the tonnage, and value the 10 bags of produce marked 'D' **(2 marks)**
- e) Describe and value the four animals in the pen marked 'E'. They are 20-22 months of age. Do not enter the pen **(2 marks)**
- f) Describe and value the machinery marked '1' **(2 marks)**
- g) Describe and value the machinery marked '2'. **(2 marks)**
- h) Describe and value the machinery marked '3'. **(2 marks)**
- i) Describe and value the machinery marked '4'. **(2 marks)**
- j) Describe and value the machinery marked '5'. **(2 marks)**
- (Total 20 marks)**

## **Question 2**

Your client, the owner occupier of Cedar Tree Farm (edged red on Plan 1 ) has been approached by Mr & Mrs Smith of Highfield Farm who own the field (hatched green on the plan) between fields 2290 and 3393. They have asked whether your client would be interested in purchasing the field with vacant possession.

a) Briefly describe the field. **(2 marks)**

b) Mr & Mrs Smith mentioned the words "marriage value". What do they mean by this? **(1 mark)**

Your clients can see the advantages of buying the field. Their bank manager is coming to see them next week.

c) What documents and information would you expect the bank manager to ask for in order for them to assess a potential loan? **(2 marks)**

Your client would like to borrow the full purchase price. The bank manager asked your client to think about what they might offer as security.

d) i) What does he mean by security and

ii) What would you recommend they offer as security and why? **(2 marks)**

If they are successful in buying the field your clients have mentioned including it in the arable rotation.

e) i) What are the practical and legal implications of this? **(2 marks)**

ii) Would you recommend that they do this? **(1 mark)**

Mr & Mrs Smith have mentioned that if your clients could not raise the required finance to purchase the field, they may be interested in a direct swap with field 6610, which they are happy to agree has the same value as the subject field.

f) When considering the capital tax implications of such a land swap

i) What taxes might apply? **(1 mark)**

ii) What rates are the taxes payable at? **(2 marks)**

iii) What, if any, reliefs are available and what rules apply? **(2 marks)**

**(Total 15 marks)**

### **Question 3**

Inspect the crop that is sown in Field number 0684.

- a) Briefly describe the soil type (1 mark)
  - b) What is the growing crop (1 mark)
  - c) Estimate the average potential yield per hectare of the growing crop (1 mark)
  - d) Estimate the average ex-farm price per tonne of the harvested crop as at 14 November 2018 (½ mark)
  - e) Based on the last 3 years' prices estimate the harvest value in the swath of the crop residue (£ per ha) (½ mark)
  - f) Estimate a typical seed application rate (½ mark)
  - g) Estimate the cost per tonne of the seed assuming no special dressing (½ mark)
  - h) What nutrients might the crop require assuming the crop in the ground is the third continuous crop with PH 5.8, P 2.1 and K 1.8 (1 mark)
  - i) Estimate the cost per tonne of the nutrients named in h) (1 mark)
  - j) What would you expect the standard cost per hectare to be of the nutrients applied other than nitrogen (½ mark)
  - k) What is the maximum nitrogen application rate (kg of N per ha) (1 mark)
  - l) Assuming no blackgrass, estimate the chemical cost for the cropping year per hectare (1 mark)
  - m) Assuming a stubble to stubble contractor is employed, estimate the contractor's charge per hectare. (½ mark)
- (Total 10 marks)**

## **Question 4**

Your client, the owner occupier of Cedar Tree Farm, has obtained planning permission to convert the range of buildings shown hatched blue on Plan 2 into a 3-bed dwelling.

- a) Prior to a contractor commencing work, your client has asked for your advice and recommendations as to what he should be addressing with his contractor both in terms of practicalities on site and regulatory issues.

Make a bullet point list of the items you would like to discuss with your client. State the applicable legislation where appropriate. **(4 marks)**

- b) Your client has said that he would like to let the dwelling on an Assured Shorthold Tenancy agreement upon completion of the conversion works.

Make a bullet point list of the practical issues and legal requirements to consider when letting a residential property. Quote legislation if appropriate. **(4 marks)**

- c) Finally, your client has not yet received the tenders back from the contractors, and would like your informal opinion of likely conversion costs and expected rent.

*Please assume that the conversion incorporates 130 sq.m. of residential accommodation and a further 30 sq.m. of garaging/outbuildings.* **(2 marks)**

**(Total 10 marks)**

## **Question 5**

Your client the owner occupier of the farm has received a notice headed "S159 Water Industry Act 1991 Notice". The plan that accompanied the notice indicates a line that is approximately 675m long reproduced as between points A-B on Plan 1. Your client has approached you to advise.

Having inspected the approximate route of the pipe from the roadside, and in anticipation of a meeting with your client, make bullet point notes re the following:

- a) The rights that result from the service of the notice, and the required period of notice. **(1 mark)**

- b) The practical matters and accommodation works arising from the proposed works that you will want to discuss with your client. **(4 marks)**

- c) How much you would expect the landowner's compensation to be in respect of the pipe. Show your workings **(1 mark)**

- d) What other heads of compensation can be claimed? **(4 marks)**

**(Total 10 marks)**

## **Question 6**

Your client is the landlord of Cedar Tree Farm and the existing AHA tenancy is coming to an end. He has contacted you to negotiate suitable terms of compensation with the outgoing tenant's valuer for various aspects of the farm.

In particular, he has mentioned the building that is shown as no. 7 on Plan 2, which he knows was erected by the Tenant at some time in the past but the Landlord cannot remember if he gave consent or not.

Make bullet point notes about the following, in preparation for briefing your client:

- a)
    - i) the general description of the building (2 marks)
    - ii) its current state of condition (1 mark)
    - iii) recent and potential uses (1mark)
    - iv) approximate cost of any repairs. (1 mark)
  - b) The valuation methods you would employ and considerations you would make to value this building as a tenant's fixture and as an improvement, arriving at potential values in each case, with reasoning. (5 marks)
- (Total 10 marks)**

## **Question 7**

Your client, the owner of Cedar Tree Farm, has been approached by a land promoter in relation to the area shown hatched in red on the attached plan 1, which extends to 4.05 ha (10 acres) or thereabouts. This excludes the current farmhouse.

- a) The promoter wishes to agree terms to promote the site on your client's behalf through the planning system.

In anticipation of a meeting with your client, make notes for yourself regarding:

- i) The practical implications of the proposal on the holding and the ongoing farming business (2 marks)
- ii) The principal differences between an option and a planning promotion agreement. (1 mark)
- iii) The main commercial Heads of Terms that you would hope to agree with the promoter, under an option agreement.

*(Assume that the land is not Greenbelt nor has any other restrictions that would prevent the site being developed, and state any other assumptions that you have made.)* (3 marks)

- b) Your client wishes to proceed with the proposal and intends to relocate the farm steading on the existing holding in field OS4466.

Set out in bullet form the advantages and disadvantages of relocating the farm steading to this field. State any assumptions you think necessary. (4 marks)

**(Total 10 marks)**



# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 14<sup>th</sup> November 2018**

Afternoon Paper

**2.00pm – 4.30pm**

|                                 |
|---------------------------------|
| <b><u>PRACTICAL WRITTEN</u></b> |
|---------------------------------|

### **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 candidates must answer the questions on the basis of English conditions/law.

***YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON QUESTIONS DURING THE MORNING.***

## **Question 1**

Your client, the owner occupier of Cedar Tree farm has been approached by his immediate neighbour the owner of 'The Granary' who has asked if he would be willing to consider selling him field No. 5185, as his daughter has recently had to give up a paddock that she previously rented in the village.

The owner of 'The Granary' has explained that, whilst he has some ready cash funds, it is likely he will need to en-cash a long term investment bond that requires 12 months' notice.

Your client has indicated his willingness to sell the field and has asked for your advice.

Having inspected the land parcel:

- a) List the physical and practical matters which will need to be considered on a sale of the field. **(4 marks)**
  - b) What are the different arrangements that might be considered in order to accommodate the timing of the buyer's funding availability? **(3 marks)**
  - c) In preparation for a meeting with your client set out in bullet form other matters that should be considered before the sale can proceed. **(4 marks)**
  - d) In the event that a short term grazing licence were required pending completion of the sale, make a bullet point list of the heads of terms for the licence. **(4 marks)**
- (total 15 marks)**

## **Question 2**

The owner occupier of Cedar House Farm is hoping to increase the level of borrowing secured against the farm.

You have been instructed by the lender to carry out an RICS Red Book Valuation of the farm as inspected, freehold with vacant possession, for lending purposes.

In note format, provide the following:

- a) List the different parts of the property and for each part state what elements of value you would take into account.  
*(Please note that valuation figures are not required).* **(7 marks)**
  - b) In order to produce your valuation, what further information in relation to the farm do you require and what further background research/investigation will you carry out? **(8 marks)**
- (total 15 marks)**

### **Question 3**

Traffic on School Lane has increased and there are large numbers of vehicles parked on School Lane when children are dropped off and collected at St Mary's Primary School.

In an effort to improve highway safety, parents have lobbied the Highway Authority to construct a new footpath away from School Lane, and the line shown as brown dashed on Plan 2 (fields 4695 & 4455) has been identified as a potential new route to link Mill Lane to the school.

The owner occupiers of Cedar Tree Farm have been requested to dedicate a definitive right of way for the proposed footpath, and have instructed you to advise and represent them.

- a) What practical implications of the proposed route need to be considered/discussed with your client? **(4 marks)**
  - b) What additional matters would you want to discuss with the Highway Authority's agent? Include pre-construction, construction and post construction issues. **(7 marks)**
  - c) How would you assess a reasonable payment for the new footpath? Include all elements. **(3 marks)**
  - d) Your clients are community minded but are opposed to the creation of a definitive public footpath on their land. What other procedure is available to them and what is the benefit to the landowner? **(1 mark)**
- (Total 15 marks)**

### **Question 4**

Your client, the owner occupier of Cedar Tree Farm, has been approached by a local agricultural engineer who is interested in using the grain store (numbered 4 on the plan) as a workshop premises where he would undertake repairs on agricultural machinery on a commercial basis.

- a) You are due to meet your client to brief him on the potential implications of letting the grain store for this purpose. Prepare notes, in bullet point form, relating to the following:
    - i. A description of the building, its condition and suitability for the proposed use. **(3 marks)**
    - ii. The practical considerations relating to the proposal. **(3 marks)**
    - iii. The planning and other legislative considerations arising from the proposal. **(4 marks)**
  - b) Following your meeting, you have been asked to agree terms with the agricultural engineer for letting the grain store. Prepare notes summarising the main Heads of Terms considered relevant to such an arrangement. **(5 marks)**
- (Total 15 marks)**

## **Question 5**

Your client is the owner of Cedar Tree Farm, which is let on an Agricultural Holdings Act 1986 tenancy agreement subject to model clauses repairing liability.

The tenant's son has been working on the farm for more than 10 years. The tenant has approached your client and offered to give up his tenancy interest in return for the grant of a new 40 year farm business tenancy with himself and his son as joint tenants, on condition that the rent review clause is in line with the statutory code in the Agricultural Holdings Act 1986.

- a) Provide a summary in note form, of the basis on which the rent would be reviewed under the Agricultural Holdings Act 1986 and identify those factors which are to be taken into account and those to be disregarded. **(5 marks)**
  - b) In the event that the rent review provisions were to be the default provisions under the Agricultural Tenancies Act 1995, what would be the principal factors to consider in assessing the rental value. **(2 marks)**
  - c) Following further discussion, it has been agreed that Cedar Tree Farmhouse and buildings 1, 2 and 7 (all provided by the landlord) are to be surrendered and are not to be included in the new letting. What difference do you expect that this would make to the rental value under the new Farm Business Tenancy, and why? **(3 marks)**
  - d) In the event that the landlord were to issue a demand for arbitration at the next rent review and you are asked to represent the tenant, briefly explain the likely procedure and what information you would expect to have to provide to the arbitrator. **(5 marks)**
- (Total 15 marks)**