

**CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS EASTERN GROUP**

**Morning Practical Examination**

**Wednesday 12<sup>th</sup> November 2014 – 9.00 am**

**at**

**Hill Farm  
Station Road  
Dullingham  
Newmarket  
Suffolk  
CB8 9UT**

**By kind permission of**

**Simon Taylor Farms**

Candidates should have read the 2014 Guidelines for the Practical & Written Examinations.

**All questions in this paper should be answered.**

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

Notebooks, question papers and CAAV publications for both the 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 & BACKGROUND**

Hill Farm extends to some 73 hectares (180 acres) as outlined red on the plan number 1 including Hill Farmhouse and a range of traditional and modern buildings. The land is mostly arable with some small areas of woodland and permanent pasture. You will be shown various specific buildings in order to answer the questions.

The farm belongs to the Shrovetide Trust and is let on an Agricultural Holdings Act tenancy to John and Ann Webster. Mr and Mrs Webster farm in partnership with their daughter aged 32. The tenancy commenced on the 11<sup>th</sup> October 1981. The current rent payable under the lease is £14,400 per annum.

In addition Mr and Mrs Webster own 32 hectares (79 acres) edged blue shown on plan number 1 including a traditional building.

Mr and Mrs Webster's daughter Lizzie owns the residential property shown edged green on plans 1 and 2.

## QUESTION 1

You will be shown a crop in Field A as identified on site.

- a) Identify the crop

**(1 mark)**

Provide a valuation of this crop for stocktaking purposes as at today's date assuming the field is 8 hectares.

**(3 marks)**

Briefly explain the purpose of such a valuation

**(1 mark)**

- b) Your clients' agronomist is concerned that the crop will fail and has advised it should be re-sown with spring beans.

Provide a gross margin for the proposed spring bean crop for harvest 2015 showing all workings.

**(4 marks)**

Identify two reasons for including spring beans in the rotation.

**(1 mark)**

## QUESTION 2

Mr and Mrs Webster would like to achieve the full Basic Payment Scheme allocation for their holding. Assume there are 73 hectares of Entitlements and 73 hectares of eligible land with 4.40 hectares of permanent pasture.

- a) When is the exchange rate fixed under the current Single Payment Scheme?  
**(½ mark)**
- b) What is the rate for the 2014 Single Payment Scheme year?  
**(½ mark)**
- c) When does the Basic Payment Scheme come into effect?  
**(1 mark)**
- d) Identify 3 different ways/methods of achieving the Ecological Focus Area requirements and the land areas required in relation to the holding. Show your calculations. List any assumptions you have made.  
**(9 marks)**
- e) Explain briefly two other requirements to achieve Basic Payment Scheme payment.  
**(3 marks)**
- f) List two exemptions from Greening.  
**(1 mark)**

### QUESTION 3

You will be shown Building D outlined blue on Plan 2 (as identified on site).

- a) Carry out a health & safety audit of the building and its immediate surroundings (up to 3m away and including the farm access) as shown to you, for Mr Webster.

Your answers should identify the risks, likely persons at risk, risk level and likely accident and measures to minimise risk and emergency and routine procedures.

**(5 marks)**

- b) Identify the legislation that imposes a legal requirement to carry out such an Audit.

**(2 marks)**

- c) What checks should your client undertake on a contractor before you engage them to do work?

**(3 marks)**

#### QUESTION 4

You will be shown Building C as identified on site.

Building C provides the only grain storage on the holding. The Building was constructed by the Tenant some 20 years ago, and subsequently upgraded/converted to its current use some 5 years ago. On neither occasion was any Landlord's consent sought or obtained for the works. There has been no grant aid obtained in respect of the building. As part of considering their end of tenancy claim, the Tenants have requested your advice on the treatment of this building.

**For the purposes of this question only, please assume that the tenancy is to come to an end within the next three months, and that all compensation matters are to be dealt with at arm's length.**

**Note: When inspecting the building please do not go beyond the concrete yard area. Candidates can assume that the far gable end of the building is identical to the one facing the yard.**

- a) What is the legal status of the building and what is the appropriate basis of compensation?  

**(1 Mark)**
  
- b) Please provide a description of Building C for valuation purposes.  

**(2 Marks)**
  
- c) Set out the requirements and procedure that would need to be observed to obtain compensation in respect of this building.  

**(3 Marks)**
  
- d) Provide an appropriate valuation of the building for end of tenancy compensation purposes. Please set out your calculations, assumptions and reasoning.  

**(3 Marks)**
  
- e) The tenant also laid all the concrete yard area around Building C. In practical terms, briefly advise the client on the likelihood of receiving compensation for the concrete, and explain the reasoning behind your answer.  

**(1 Mark)**

## QUESTION 5

- a) You will be shown **TWO** items of farm machinery equipment numbered 1 and 2.

Describe each item as if it was being included in a catalogue for a sale by public auction and provide a current market value for each item.

**(4 Marks)**

- b) You will be shown a pen of livestock which were born in spring 2014.

Describe and value the complete pen of livestock.

**(2 Marks)**

- c) In Building C assume the heap measures 10m in width by 20m deep and 3m high. Assume the slope is 45 degrees. The commodity was harvested in 2014 and has been accepted as suitable quality for bread making.

Identify the produce and estimate the total tonnage.

**(2 Marks)**

Provide an on farm value for the heap.

**(1 Mark)**

Provide an on farm value for the heap assuming the produce is Oilseed Rape.

**(1 Mark)**

- d) In Building E assume in the stack there are 20 bales harvested in 2014. Identify the harvested produce and estimate the total value of the stack.

**(2 Marks)**

- e) You will be shown a single bag of product numbered 3. Identify the product and provide a current value of the bag.

**(2 Marks)**

- f) You will be shown product numbered 4. Assuming there is 25 cubic metres of fertiliser in the tank at 35% N provide a current value of the contents.

**(1 Mark)**

## QUESTION 6

The tenants are interested in installing solar panels on Building C.

- a) What do solar photovoltaic panels produce and under which government scheme are they likely to be supported?

**(1 mark)**

- b) As well as the solar photovoltaic panels what other key two key components would you expect to be installed as part of the project?

**(1 mark)**

- c) The roof has room to install around 30kW of solar panels; approximately what would it cost to install the system today?

**(1 mark)**

- d) If the panels were being installed today would planning permission be required? Please explain your answer with reasons.

**(2 marks)**

- e) What two matters need to be investigated before the solar panels are ordered?

**(1 mark)**

- f) Mr & Mrs Webster have asked you to seek the Landlords consent for the installation of the solar panels on the roof of Building C. Provide bullet points of issues to be discussed with regard to the farm tenancy.

**(4 marks)**

## QUESTION 7

The building labelled 'B' on Plan 2 is a former agricultural building that has been converted for office use. The building is let to an insurance company which is permitted by the landlord. Your client, John Webster, has informed you that the current tenancy agreement, which was set up by his previous agent, expires shortly. He has asked for your advice on how to proceed with a renewal to the existing tenant. As the recently appointed agent you have not yet been provided with any other details of the letting.

**Note: Please do not attempt to enter the building**

- a) Prepare a bullet point list of the key information and documentation that you require to enable you to advise your client on the re-letting and associated issues.

**(7 Marks)**

- b) Advise on the market rent per annum that might be expected for the office based on your area of practice. State your area of practice and show your rental calculation.

**(3 Marks)**

## QUESTION 8

Mr Webster has received a letter from Natural England regarding his Entry Level Scheme (ELS) agreement which commenced on 1<sup>st</sup> March 2012 and double funding. The letter states that your client's annual payment will be reduced by £1,200 per annum.

- a) What are your client's options and what is the deadline for responses to Natural England?

**(2 marks)**

- b) Mr Webster thinks building A on plan 2 might help in resolving his double funding issue. Assuming the building is 32.00m by 5.00m how many points will this option regenerate and what is its ELS code?

**(3 marks)**

- c) Which agreements are not affected by double funding? List five ELS options which are affected by double funding?

**(3 marks)**

- d) List four further options that will top up Mr Webster's agreement so ensuring that he continues to receive his full annual payment assuming that he currently only uses buffer strips and field corners to achieve his point's requirement.

**(2 marks)**