

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 14<sup>th</sup> November 2012**

Morning Paper

**8.45am – 1.00pm**

### **FARM INSPECTION/COMPLETION OF NOTEBOOK**

#### **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 answers must be given in metric.
8. All candidates must answer the questions on the basis of English conditions/law.

### **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.

**1) Item Marked A (2 marks)**

- 1.1 Description
- 1.2 Value

**2) Item Marked B (7,090 Hours) (2 marks)**

- 2.1 Description
- 2.2 Value

**3) Item Marked C (2 marks)**

- 3.1 Description
- 3.2 Value

**4) Item Marked D (2 marks)**

- 4.1 Description
- 4.2 Value

**5) Item Marked E (5,389 Hours) (2 marks)**

- 5.1 Description
- 5.2 Value

**6) Livestock Marked 1 (2 marks)**

The animals were born in April 2012, are strong stores and non-breeders:

- 6.1 Describe the animals
- 6.2 Provide the overall value of the animals

**7) Livestock Marked 2 (2 marks)**

The animals are 14-18 months of age, non-breeders and non-pedigree:

- 7.1 Describe the animals
- 7.2 Provide the estimated average weight and the estimated average value (pounds per head)

**8) Produce Marked 3 (Harvested 2012) (4 marks)**

Dimensions – 13.75m x 9.75m x 1.2m:

- 8.1 Identify the produce and estimate the tonnage.
- 8.2 What factors may have an impact on the value of this crop in store.
- 8.3 Provide a value of all the crop in store.

**9) Produce Marked 4 (Harvested 2012) (2 marks)**

- 9.1 Describe and value the stack of produce.

## **Question 2**

The tenant of Brownhills Farm has been served with a rent review notice. He has been in occupation since 1987 and he has asked you to act on his behalf. You have not acted for him before.

**In bullet points:**

- a) What general information is required; and **(5 marks)**
- b) What physical and other factors would you take into account in advising the tenant of Brownhills Farm as to the rental value of the holding as inspected (particularly viewing from point A on Plan 2) and as shown on the farm plan and the schedule provided? **(10 marks)**

## **Question 3**

Your client is the tenant of Brownhills Farm and his son has recently completed a course in Livestock Husbandry at a local agricultural college. He is keen to establish a lowland mule sheep flock of his own, lambing in March and selling all lambs finished. His father is happy to give him the opportunity to do so and is prepared to make field OS 5927 (11.64ha) (hatched red on Plan 1) available for him following harvest 2013. He will however require details of the proposals from his son and you have been asked to assist his son with this. Please prepare the following:

- a) Identify practical issues with regard to the particular field choice **(2 marks)**
- b) Prepare a brief specification of the stock fencing required with an indication of the likely costs per item, to include galvanised gates, galvanised gate posts and a 1.5m water trough (quote rate per metre). **(2 marks)**
- c) The cultivations and the inputs likely to be required to establish a five year grass ley with an indication of the likely costs. **(3 marks)**
- d) Gross margin budget for the enterprise on a per head basis. **(3 marks)**

## **Question 4**

You have been asked to visit Brownhills Farm by a lifestyle buyer who is new to farming and is thinking of buying the property. He has heard that there are issues concerning Health and Safety for landowners. By reference to those areas of the farm visible from the routes marked by the brown line on Plan 2:

- 1. List the relevant Health and Safety legislation. **(2½ marks)**
  - 2. List specific items that are visible which you advise might need your client's attention in order to conform if he is successful in purchasing the property. **(7½ marks)**
- (½ mark/item)**

### **Question 5**

Your client, the owner of Brownhills Farm, wishes to erect a new general purpose building in the area marked B on Plan 2. He also wants to use it for occasional livestock rearing.

The size of the proposed building is 10 metres x 24 metres and 4.8 metres to the eaves. State any assumptions you are making in your design.

- a) What are the particular issues you would take into account when designing a building for location B? **(5 marks)**
- b) What are the main structural components and necessary services of a modern permanent general purpose /livestock building? **(4 marks)**
- c) What would be the approximate capital cost of the completed building (excluding VAT)? **(1 mark)**

### **Question 6**

Your client, the owner of Brownhills Farm, has telephoned you requesting a meeting to discuss the feasibility of small scale wind turbine(s) on his property. He has seen his neighbour recently erect a farm scale turbine and wonders if he should do similar. He fully admits to having no knowledge of the subject and has given you no information on his financial standing.

Following your inspection of the farm please prepare notes for your forthcoming meeting to cover the following:

- a) Site specific factors to consider/overcome. **(4 marks)**
- b) Three typical funding options for your client. **(3 marks)**
- c) How to assess the potential income streams. **(3 marks)**

### **Question 7**

Your client, is the owner/occupier of Brownhills Farm and he has received a letter from agents acting for National Grid Gas Plc, informing him of their client's wishes to install a high pressure gas pipeline across the farm, the preferred route being identified as a blue line on Plan 1. They wish to meet your client for an informal discussion, and your client has telephoned your firm for advice on what matters he will need to consider. You have been asked by a Partner within the firm, who has not visited the farm for a number of years, to inspect the holding and;

- a) identify what practical, agricultural and other issues would need to be considered if the scheme went ahead. **(5 marks)**
- b) what solutions may need to be implemented to mitigate issues arising as a result of the scheme being implemented. Suggest solutions and remedial works to each issue highlighted in a) above which you propose to put to the National Grid agents. **(5 marks)**

Prepare your answers to a) and b) in note format.

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 14<sup>th</sup> November 2012**

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.
9. All candidates must answer the questions on the basis of English conditions/law.

### **Question 1**

Your client, the owner/occupier of Brownhills Farm purchased the farm in 1978 and is a sole trader. He is considering disposing of 5ha of the farm in order to pay off his substantial overdraft and convert part of the traditional buildings into self-catering holiday accommodation.

He has asked for your advice on all the tax implications of his proposals. Set out, in note form:

- a) Details of the taxes involved including the valuations required, available reliefs, etc. **(9 marks)**
- b) Would Entrepreneur's Relief apply in this case, and if not why not? **(1 mark)**
- c) What local taxation would apply? How is this assessed and would any reliefs apply? **(5 marks)**

### **Question 2**

Your client, the owner/occupier of Brownhills Farm, has contacted you for advice regarding the possibility of converting the traditional range of buildings (marked 'C' on Plan 2) into a kennels & cattery to generate additional income from the holding. His proposal involves running this new enterprise in hand.

Prepare notes for a forthcoming meeting with your client listing:

- a) Rural planning and development control issues **(4 marks)**
- b) On site practicalities of conversion and operation as they affect the viabilities of the conversion. **(8 marks)**
- c) As a result of your inspection, what are the next steps you would recommend your client takes? **(3 marks)**

### **Question 3**

Brownhills Farm has been let to your client since 1998 with no written agreement. The Landlord has served a valid Notice to Quit taking effect from 6 April 2013.

The Tenant constructed the 'Goodrich' timber framed livestock building (24.90m x 9.02m) marked D on Plan 2, in 1999, at a total cost of £26,500.

In preparation for a meeting with your client, prepare in note form:

- a) Advice in respect of this building with regard to the applicable legislation and compensation due at the termination of the tenancy, assuming there is no written consent. **(5 marks)**
- b) How would your advice differ if there was written consent, what formal process is available if agreement cannot be reached and what is the timescale? **(4 marks)**
- c) How would your advice differ if the agreement commenced in 1992 and written consent was given by the Landlord? **(6 marks)**

#### **Question 4**

Brownhills Farm is subject to an Agricultural Holdings Act 1986 tenancy agreement with Model Clauses repairing liabilities and a standard alienation clause precluding assignment or subletting. The farmhouse has mains water and electricity and an oil fired central heating system. Foul drainage is to a septic tank.

Your client is the tenant of the holding but he lives on an owner occupied farm nearby. The farmhouse at Brownhills Farm was occupied by your client's farm foreman who has now found employment elsewhere and has vacated the property. The farm foreman will not be replaced and your client has instructed you to let the farmhouse on the open market. The market rental value of the farmhouse is £750 per calendar month. Set out in note format:

- a) The practical and legal issues that must be considered in relation to the proposed letting of the farmhouse. **(10 marks)**
- b) Your client considers that the farmhouse may be more marketable to let if the interior is redecorated, a replacement bathroom suite is installed and a detached single garage is erected. How these items could be addressed and dealt with by your client's landlord? **(5 marks)**

#### **Question 5**

You have been asked to meet with the owners of Brownhills Farm. Your firm have not acted for them in the past.

Your clients have been approached by an adjoining householder at Blue Cottage who would like to purchase the land hatched green extending to 0.5ha on Plan 1. You have seen the land from a distance already and you intend to meet your clients in the very near future.

- a) Prepare for yourself a list of information you will require from your clients when you meet. **(5 marks)**
- b) Prepare a simple bullet point list of the heads of terms for the proposed sale that you would advise your clients to consider. **(7 marks)**
- c) Briefly set out the basis of how you would approach the valuation of the land and suggest a total figure to be put forward to the owners of Blue Cottage for consideration. **(3 marks)**

## **CAAV NORTHERN GROUP 2012**

### **Oral Question**

Whilst on the farm please have general regard to the whole holding and on your return to the museum of farming pay particular regard to field no. OS 8526 – Examiners will stop en route to allow you to inspect this field.



SCHEDULE OF AREA(BROWNHILLS FARM, HOLTBY)		
OS SHEET NUMBER	FIELD NUMBER	AREA (Ha)
SE6553	5374	5.59
	6999	0.10
	7063	2.52
	7093	2.89
	8241	2.86
SE6554	2932	2.79
	5303	9.22
	5715	0.07
	5927	11.64
	8204	2.23
	8424	0.08
SE6653	1433	3.00
SE6654	0112	7.44
	1617	0.29
SE6454	8526	9.29
TOTAL AREA		60.01 Ha (148.29 Ac)



# Brownhills Farm



