

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 13 November 2013**

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 should be given as at today's date.

1) Item Marked A

- 1.1 Description
- 1.2 Value

2) Item Marked B

- 2.1 Description
- 2.2 Value

3) Item Marked C

- 3.1 Description
- 3.2 Value

4) Item Marked D

- 4.1 Description
- 4.2 Value

5) Item Marked E (4,033 hours)

- 5.1 Description
- 5.2 Value

6) Produce Marked 1 (harvested 2013)

Dimensions – 4.5m x 9.1m x 1.52m

- 6.1 Identify the produce and estimate the tonnage
- 6.2 Provide a value of all the crop in store (including methodology)

7) Deadstock Marked 2

- 7.1 Describe and value four bags only

8) Deadstock Marked 3

- 8.1 Describe and value four bags only

9) Produce Marked 4

- 9.1 Describe and value five bales only

10) Livestock Marked 5

- 10.1 Describe the animals
- 10.2 Provide the overall value of the animals.

**20 marks**

## **Question 2**

Clock Farm is let on a 1986 Agricultural Holdings Act tenancy. The tenancy is coming to an end and you have been asked to advise the landlord about buildings 1 and 5 on Plan 2. Building 1 was erected by the tenant in the 1970's without the landlord's permission and building 5 in the 1980's with the landlord's unconditional permission.

- a) From an external inspection only briefly describe the construction of buildings 1 and 5. (4 marks)
- b) How will the buildings be treated for compensation at the end of the tenancy. (2 marks)
- c) What are the recommended procedures, with time limits, to be followed by both the landlord and tenant with respect of building 1. (3 marks)
- d) What are the recommended procedures, with time limits, to be followed by the tenant in respect of building 5. (2 marks)
- e) What procedures will be followed if agreement cannot be reached. (1 mark)
- f) What is the basis of valuation for each of the buildings at the end of the tenancy and would you advise your client to pay for either or both of the buildings, give reasons. Valuation figures are not required. (3 marks)

## **Question 3**

Clock Farm is subject to an Agricultural Holdings Act 1986 tenancy agreement with Model Clauses repairing liabilities and a standard alienation clause precluding assignment or sub-letting. The bungalow known as 'The Oaks', coloured purple on Plan 1, is included in the tenancy agreement. The bungalow has mains water and electricity and an oil fired central heating system. Foul drainage is to a septic tank. For the purposes of this question, assume that the bungalow is not subject to an Agricultural Occupancy Condition.

Your client is the tenant of the holding and he lives in the main farmhouse adjacent to the farm buildings at Clock Farm. The 3 bedroom bungalow (which was previously occupied by a farm worker on the holding) is now vacant and your client has instructed you to let the property on the open market.

Following your inspection of the property set out in note format:

- a) The practical issues that must be considered in relation to the proposed letting (3 marks)
- b) The legal and procedural issues that will need to be considered (6 marks)
- c) The estimated market rental value of the property given your area of practice (please state your area of practice) (1 mark)

#### **Question 4**

You have been consulted by your client, who is the landlord of Clock Farm, in connection with his proposals for Grimston Wood, OS0515, which extends to 5.15ha. The perimeter of the wood is 1,000m. Your client intends to clear fell the woodland and replant. The wood does **not** form part of the tenancy of Clock Farm. Prepare notes for a meeting with your client who has asked you to consider:

- a) The practical matters that need to be discussed with the tenant before the work commences (3 marks)
- b) What consents are required before the felling commences (1 mark)
- c) Recommended species for re-planting, with reasons (2 marks)
- d) Set out a budget cost for the replanting of the wood, making assumptions for the species choice, including the different options for pest protection (4 marks)

#### **Question 5**

Your Client has asked for advice regarding the crop in field OS 8671. The previous crop was beans.

- a) Identify the crop (1 mark)  
  
Your client's agronomist has indicated that the crop will fail and should be re-sown in the Spring.
- b) Set out the cultivations that will be required to establish the new crop. (3 marks)
- c) Set out gross margins for both the failed winter crop and proposed spring crop and explain the key differences between them. (6 marks)

#### **Question 6**

Yorkshire Water has served notice to lay a new 200 mm water main across the farm as shown by the blue line on Plan 1. The owner/occupier of Clock Farm has appointed you as his agent to deal with this matter.

- a) The contractors and Yorkshire Water's agents have asked you to a pre works consultation site meeting. What items of concern would you raise at the meeting concerning the proposals following a site meeting with your client? (5 marks)
- b) What legislation governs the laying of this pipe under notice and what length of notice is required for this new pipe? (1 mark)
- c) What heads of claim would you use for a compensation claim after the works are completed? Values are not required. (4 marks)

### **Question 7**

Clock Farm is subject to a 1986 Agricultural Holdings Act Tenancy and the landlord has received an approach from a developer for a field scale solar PV installation in field 5890. Using bullet points:

- a) Outline the physical characteristics as to why this field may be suitable for such an installation. (5 marks)
- b) The options open to the landlord to deal with the tenant's interest in the land. (3 marks)
- c) The likely level of income to be generated from such a scheme and how much the landlord may have to pay the tenant for the options in your answer to b) above. (2 marks)

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 13 November 2013**

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

The Yorkshire Horse Company have approached your client, the owner occupier of Clock Farm, as they have identified Buildings No. 11 and 12, together with Field No 7213 (as identified on Plan 2), as an ideal location to run a small scale commercial livery business from.

The Yorkshire Horse Company has offered to make all the necessary alterations to the buildings and land that they require for the running of their livery business.

Ahead of your meeting with your client, who would be the potential Landlord, make notes on the following: *+ other*

- a) Practical considerations you feel relevant in relation to the proposed lease of the land and buildings. (3 marks)
- b) Advise your client on the type of agreement which will be required, and set out draft Heads of Terms for the proposed Letting. (9 marks)
- c) Highlight any taxation factors that need to be considered. (3 marks)

### Question 2

Your client is owner occupier of Clock Farm. For the purpose of this question assume Clock Farm is within an Nitrate Vulnerable Zone.

Your client has been clearing the mantelpiece and come across a number of papers that have been overlooked during harvest, but which he thinks may need urgent action. He has asked you to go out to the farm to advise him in respect of the following.

Make brief notes in anticipation of a meeting with your client.

- a) Farm  
Waste Regulations – what does he need to do? He thinks he may have missed a deadline. (5 marks)
- b) Entry Level Stewardship – he has been meaning to ask you to make an application for him, but again thinks he might be too late this year. He is not clear what the scheme involves. (5 marks)
- c) Nitrate Vulnerable Zones – He is contemplating introducing a suckler herd of around 50 cows but doesn't quite know what implications that might have for the holding. (5 marks)

### Question 3

Your client, the owner of Clock Farm, has telephoned you as he is due to meet his solicitor and accountant about tax planning.

- a) Write brief notes ahead of a meeting with your client on the present position in relation to farmhouses and IHT with reference to relevant case law. (3 marks)

- b) He has also requested you provide draft valuation calculations for the following proposals:

- i) A gift of a half share out of the entirety in the vacant bungalow, The Oaks, which extends to 150 m sq. and is subject to an agricultural occupancy restriction.

You are aware that a similar bungalow, albeit smaller (100 m sq.) in the local village with no restriction has recently sold for a price in the region of £2,000 per m sq. (3 marks)

- ii) A gift of the entirety in the horse livery buildings (11,12 & 15 on Plan 2) and OS7213 & 7801, shown on Plan 1, which are subject to a lease in favour of his daughter. The lease, which commenced on 1 November 2003, is for 20 years on the basis of the tenant being responsible for internal repairs. The current rent is £4,000pa and the rent reviews are every 7 years.

The current estimated open market rental value of the property, on FRI terms, is £6,000pa. (3 marks)

- iii) A gift of the entirety in OS9024 and OS 0634 on Plan 1, extending to 7.8ha, which are let on an FBT with 3 years unexpired. The rent is £2,500pa. (3 marks)

Note – as valuation tables are not available actual calculations are not required but show full methodology.

- iv) A gift of the entirety in the adjoining farm extending to 50ha owned by your client and subject to a 1986 AHA tenancy on model clauses. The rent was reviewed last year to £9,500pa and the tenant, who is a bachelor in his early 50's, succeeded to the tenancy in 1996. (3 marks)

### Question 4

Clock Farm, edged red on Plan 1, is being offered to be let for 10 years. The 2014 cropping is as follows:

- 68 acres winter wheat
- 50 acres winter barley
- 61 acres oilseed rape
- 23 acres spring barley
- 30 acres spring beans
- 18 acres permanent pasture
- 250 acres



Your client is very interested in making an application for the tenancy and has requested your advice.

The letting agent's details are very basic but they do indicate that the rent to be paid for the farm buildings is fixed at £5000 per year.

- a) List the headings you would normally expect to be included in the letting particulars for a farm of this nature **(5 marks)**
- b) List the information you would expect to be included in an application to enhance your clients prospects **(4 marks)**
- c) Based on the Cropping Schedule for 2014 provided set out a whole farm budget (including enterprise gross margins but not detailed gross margins for each crop) as a document to form part of the tender submission. **(6 marks)**

#### **Question 5**

The two fields OS 0185 and OS3305 edged green on Plan 1 and extending to 42.67 acres (17.29ha) have been advertised for sale. Your client is the owner occupier of Clock Farm and has asked for advice regarding the possible purchase of these two fields.

- a) Please provide in bullet point format, the issues to consider and factors that will influence the purchase and value of the property. **(8 marks)**
- b) If the fields were to be purchased subject to a 5 year Farm Business Tenancy with effect from 1 September 2008 advise your client on the possible options available to bring the tenancy to an end and the implication on the value of the land. **(4 marks)**
- c) What are the implications to your clients proposed purchase of the following reservations listed in the particulars:  
  
Minerals  
Sporting Rights  
Development Clawback **(3 marks)**
- d) Based on your area of practice, provide an estimate of value of the property assuming vacant possession and no reservations. **(1 mark)**

## CAAV NORTHERN GROUP 2013

### Oral Question

Whilst on the farm please have regard to the farm steading and in particular Building 8. Building 8 should not be entered but it can be inspected externally and internally from the viewing point on the south side of the building.