

# **Central Association of Agricultural Valuers**

## **Northern Group Practical Examination**

**Wednesday 9<sup>th</sup> November 2011**

Morning Paper

**8.45am – 1.00pm**

<b>FARM INSPECTION/COMPLETION OF NOTEBOOK</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, and 10 marks to each of the remaining 6 questions.**
3. In addition, 3 marks are available for conduct and professionalism and 7 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 dead stock. Please provide the information listed below in your notebook. All values given should be as at today's date.

1. 4 bags of item marked '1'
  - 1.1 Identify the item and calculate the total tonnage.
  - 1.2 Provide the cost in £ per tonne delivered to the farm and the total cost of the item.
2. Produce marked '2'. Dimensions 11.3m x 5.4m x 2.15m (Harvested 2011)
  - 2.1 Identify the produce and calculate the tonnage.
  - 2.2 Provide the value in £ per tonne ex farm and the total value of the produce.
3. 10 bales of produce marked '3' (Harvested 2011)
  - 3.1 Provide a brief description and state the estimated total weight of the 10 bales.
  - 3.2 Provide the value in £ per tonne ex farm and the total value of the 10 bales.
4. Produce marked '4'. Dimensions 5.25m x 3.0m x 1.0m (Harvested 2011)
  - 4.1 Identify the produce and calculate the tonnage.
  - 4.2 Provide the value in £ per tonne ex farm and the total value of the produce.
5. Livestock marked '5'. The animals are 14-18 months of age. Assume they are non-pedigree and all heifers.
  - 5.1 Describe the animals shown to you.
  - 5.2 Provide the estimated average weight (kg per head) and the estimated average value (£ per head).
6. Item marked 'A'
  - 6.1 Brief description.
  - 6.2 Value £
7. Item marked 'B'
  - 7.1 Brief description.
  - 7.2 Value £
8. Item marked 'C'
  - 8.1 Brief description.
  - 8.2 Value £
9. Item marked 'D'
  - 9.1 Brief description.
  - 9.2 Value £

10. Item marked 'E'

10.1 Brief description.

10.2 Value £

**(20 Marks)**

### **Question 2**

Please inspect the growing crop in field NG7890 at point X marked on Plan 1. The previous crop was potatoes.

- a) Identify the crop. **(1 mark)**
- b) Detail, with costings, the probable cultivations carried out to establish the crop to date. **(2 marks)**
- c) Prepare a detailed gross margin for the crop for harvest in 2012. Assume the crop is of feed quality and exclude any payments which may be due under the Single Payment Scheme. **(5 marks)**
- d) Identify any differences you would have made to your gross margin if the previous crop had been winter wheat. Please note that a further gross margin is not required. **(2 marks)**

For parts b) and c) of this question, the answer should be given on a per hectare basis. In providing your answer, state all assumptions.

### **Question 3**

Your client is the owner occupier of Manor Farm. He has recently received a small inheritance and whilst talking to a neighbour about his windfall his neighbour has told him that he would be wise to invest the money in an "on farm" renewable energy source. His neighbour has told him that he could expect a healthy return on his capital through either a small scale wind turbine or rooftop photovoltaic cells. You have been asked to provide an initial farm appraisal. Upon inspecting the farm, produce bullet points in answer to the following questions:

(You should be aware that there is a suitable connection to a 3 phase electricity supply in the two storey brick barn shown marked H on Plan 2. Access will not be available to the inside of this building.)

- a) Comment on the suitability of each of the buildings marked F, H, K and L on Plan 2 for a solar photovoltaic scheme. **(6 marks)**
- b) Comment on the suitability of each of the fields NG1234 (coloured yellow), NG5678 (hatched blue) and NG9012 (hatched green) shown on Plan 1 for a small scale single wind turbine. **(4 marks)**

#### **Question 4**

Your client is the owner occupier of Manor Farm and he has decided to discontinue his beef fattening enterprise. Your client has been approached by a local farmer who has expressed an interest in renting the building shown marked M on Plan 2 and field NG5678 shown hatched blue on Plan 1, for two years for the purposes of expanding his own beef enterprise. You have been instructed by your client to act on his behalf in this matter. In readiness for a meeting with your client, provide bullet points to show:

- a) What type of agreement you would recommend and why? **(2 marks)**
- b) What practical issues should be considered relating to the proposed letting? **(4 marks)**
- c) What issues should be covered in the Heads of Terms for the proposed agreement? **(4 marks)**

#### **Question 5**

Your client is the owner occupier of Manor Farm. Your client would like to increase his income by using field NG3456 extending to 0.251 hectares and shown hatched blue on Plan 2 as a year round touring caravan site for at least 10 caravans.

Your client has asked for your advice regarding the proposal:

- a) What consents, if any, will your client require before establishing the site? **(2 marks)**
- b) In bullet point format, identify the main practical, legislative and infrastructure considerations your client will need to take into account in developing such a facility. **(8 marks)**

#### **Question 6**

Your client, the owner occupier of Manor Farm, has asked you to visit the farm to inspect the existing grain storage building shown marked F on Plan 2, which was erected in May 2010. Your client wishes to discuss the possibility of demolishing the old pig building and adjacent storage building (shown marked B and C on Plan 2) to make space for an identical grain storage building, which he might also want to use for occasional livestock housing.

The gross external dimensions of the building shown marked F on Plan 2 are as follows:

Length 22.85 metres  
Width 12.20 metres  
Eaves Height 5.50 metres

- a) Describe the existing building and calculate its approximate storage capacity for wheat (assume the grain is not heaped above the height of the walls). **(3 marks)**
- b) Comment on the constraints of the existing grain storage building. **(1.5 marks)**
- c) Outline what planning policies and procedures will need to be taken into account prior to erecting the new building with the same dimensions. **(4.5 marks)**

- d) Advise on the approximate cost of supplying and erecting the new building. **(1 mark)**

(There is no need to include costs of demolition, site clearance or professional fees in this answer.)

### **Question 7**

Your client is the Tenant of Manor Farm under an Agricultural Holdings Act 1986 Tenancy Agreement with Model Clauses repairing liabilities. Please inspect the side elevation shown in green of the building shown marked D on Plan 2. You have been asked to advise your client regarding the following:

- a) Under what regulations are the Model Clauses detailed? **(1 mark)**
- b) Identify the repairs required to the side elevation of the building and state the liabilities of the Landlord and Tenant. **(5 marks)**
- c) In the event that the Landlord has failed to undertake his repairing obligations, what options are available to the Tenant? **(4 marks)**

# Central Association of Agricultural Valuers

## Northern Group Practical Examination

Wednesday 9<sup>th</sup> November 2011

Afternoon Paper

2pm – 4.30pm

<b>PRACTICAL WRITTEN</b>
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### Important Notes

9. Answer **4 out of 5** questions on the paper provided.
10. **All questions carry equal marks: 15 each**
11. Write your candidate number only (not your name) in the top right hand corner of each page.
12. Start each answer on a separate sheet and place your answers in numerical order.
13. Write on one side of the paper only and leave a margin at the left-hand side.
14. 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.
15. Presentation and clarity of your answers is important.
16. All answers must be given in metric.
17. All candidates must answer the questions on the basis of English conditions/law.

### **Question 1**

You have been asked to advise the owner occupier of Manor Farm who is considering selling the holding. Your client has informed you that the building shown marked C on Plan 2 is subject to a Landlord and Tenant Act 1954 lease. Following an initial visit to the holding, prepare notes regarding the following:

- a. Note the main elements of the holding. **(4 marks)**
- b. Describe your recommendations for lotting the property and the considerations that may influence those recommendations. **(4 marks)**
- c. Describe any proposals that you would suggest regarding protecting the vendor's interests in the event of future planning permissions being obtained and the effects that this may have on value. **(3 marks)**
- d. What action, if any, would you recommend is taken regarding the Landlord and Tenant Act 1954 lease prior to marketing. **(1 mark)**
- e. What division of services, accesses and any other reservations need to be considered? **(3 marks)**

### **Question 2**

Your clients, the owner occupiers of Manor Farm, have been contacted by York City Council with details of a new link road proposed to service a mixed use retail park being developed on the disused airfield approximately 4 kilometres south of the farm. The Council have identified the route as a blue line shown on Plan 1 and have published it as a protected route within the emerging Local Development Framework. As a consequence the area shown coloured yellow (NG1234 and NG7890) on Plan 1 is likely to be allocated for commercial development. The Council have stated that they hope to have the road constructed and in use by summer 2016. They do not anticipate any local access onto or across the new road.

Your clients have no experience of road schemes and are very much against the proposal. They have asked you to attend a meeting of the family to provide them with information and advice on the issues listed below. Please prepare brief notes in preparation for that meeting:

- a. By what method(s) can the Council acquire the land needed to deliver the road scheme? **(2 marks)**
- b. What (if any) practical steps should the family be taking now to maximise their returns and/or mitigate any adverse effects of the scheme? **(3 marks)**
- c. Assuming the road scheme goes ahead against your clients' wishes:
  - i) What is the likely procedure that the Council will have to follow? **(2 marks)**
  - ii) What will your clients' claim for compensation be based on? **(3 marks)**
  - iii) Bearing in mind the position and layout of Manor Farm please provide your clients with practical examples of how their claim will be made up and any factors that would affect the assessment of their compensation under each head of claim. **(5 marks)**

### **Question 3**

Your owner occupier client of Manor Farm has telephoned you to say that he has received an unsolicited letter from Taylor Sturdey Strategic Land asking your client to enter into an option agreement upon the land shown coloured yellow (NG1234 and NG7890) on Plan 1.

A new link road is proposed on the route shown as a blue line on Plan 1 and this has resulted in an area of potential commercial development land, shown coloured yellow (NG1234 and NG7890) on Plan 1. The land in question has been given a 'preferred' status in the 'Issues and Options' policy document, which forms part of the emerging Local Development Framework. There is a final round of consultation due to end in January 2012.

- a. Prepare notes for a meeting with your client, who has asked:
  - i) What is an option agreement and what are the advantages and disadvantages thereof? **(5 marks)**
  - ii) What would the process be if your client chose to promote the land himself through to a sale and what are the advantages and disadvantages thereof?  
**(5 marks)**
- b. Prepare notes about the consequential effects of any sale of the land for commercial development on the retained property, as a result of your inspection and knowledge of the holding. **(5 marks)**

### **Question 4**

For the purposes of this question, please assume that your client has recently died. At the date of death he was the owner occupier of Manor Farm. You have been requested to attend a meeting with the Executors of the Estate, Accountant and Solicitor in order to provide valuation advice for Inheritance Tax purposes in relation to the following areas of the farm:

- i) The farmhouse shown marked 'FH' on Plan 2.
- ii) The range of buildings shown marked D, E1, E2 and E3 on Plan 2. The traditional buildings extend to approximately 400 square metres (excluding the covered foldyard) and have potential for conversion to three residential units.
- iii) The building shown marked C on Plan 2. The building has been let to a local builder on a 15 year Landlord and Tenant Act 1954 lease, with rent reviews at five yearly intervals to open market rental levels, with the unexpired term at the date of death being eight years.

Having carried out your inspection, set out details (in note form) of the following for each of the above areas of the farm:

- a) The basis of your valuations for each of the buildings. **(3 marks)**

- b) Set out outlines of your valuation methodology (a valuation figure is not required) for each of the buildings. **(8 marks)**
- c) The reliefs available, if any, for each of the buildings. **(4 marks)**

### **Question 5**

Your client is the Landlord of Manor Farm. Manor Farm is surrounded by, and forms part of, a large let rural estate owned by your client. The farm is let on an Agricultural Holdings Act 1986 Tenancy Agreement with model clauses repairing liability. The tenancy commenced on 6<sup>th</sup> April 1990. All the buildings are the Landlord's with the exception of buildings F and K as shown on Plan 2 which were erected as Tenant's Improvements. The Tenant has received the Landlord's written permission to sub-let building C as shown on Plan 2 to a local builder on a Landlord and Tenant Act 1954 lease.

The Landlord has informed you that he thinks a rent review is long overdue and has asked you to meet with him to provide advice. Please note that you will have restricted access and for the purposes of this question your advice should be based on the parts of the holding you have seen, the details provided in the 'Background Information' sheet and the information provided in this question. Provide pre-meeting notes regarding the following:

- a) A summary of the procedure relating to a rent review under the Agricultural Holdings Act 1986. **(4 marks)**
- b) The principal factors to consider when assessing rental value under the Agricultural Holdings Act 1986 and how these relate to Manor Farm. **(11 marks)**