**THE MIDLAND COUNTIES EXAMINATION GROUP**



**OF THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS**

**PRACTICAL EXAMINATION PAPER**

**Wednesday 12th November 2014**

**CANDIDATES MUST NOT CONVERSE WITH EACH OTHER AND BREACH OF THIS RULE MAY DISQUALIFY A CANDIDATE**

The Examination is held at Warwick House, Southam, Warwickshire and on farm at Cedars Farm, Lower Boddington, Daventry.

**MORNING QUESTIONS**

Answers to be written in the Note Book provided.

**ORAL QUESTION**

The entire holding of Cedars Farm as shown on Plans 1 and 2 will be the subject of the Oral Interview on Thursday 13th November. Candidates may make notes on the **yellow paper** provided. The notes will be retained by the candidate and brought to the Oral Interview. No other books, notes or materials may be brought into the Interview.

**AFTERNOON QUESTIONS**

This afternoon’s questions will be based on items seen on the farm during the morning’s inspection. Candidates are advised to make their supporting notes on the paper provided.

**NOTES TO CANDIDATES**

All candidates will be deemed to have read the CAAV Guidelines for the Practical and Written Examinations and the Interview 2014 and be familiar with their contents.

**IMPORTANT** in all cases you **MUST** show your **methods** and **calculations**. The examiners are not just looking for the answer.

Livestock and Produce are to be valued at today’s value.

The questions should contain all the information necessary to answer them. If candidates need to make any other assumptions, these should be clearly stated. Examiners will not provide further information if questioned.

Marks will be awarded as shown on the attached sheets. In addition, marks will be given for the way in which the Note Book is prepared, the field work set out, general agricultural knowledge, conduct and professionalism.

The day’s timetable will be:-

|  |  |
| --- | --- |
| 8.30am  | Candidates to arrive at Warwick House, Southam, Warwickshire. |
|  |  |
| 8.40am **Prompt**  | Introduction and exam briefing by Exam Group Chairman and reading paper |
|  |  |
| 9.00am to 12.30pm | Inspection of farm and answering of morning session questions in notebooks |
|  |  |
| 12.30pm to 1.00pm | Examination Room – Completion of notebooks before handing in to examiners. |
|  |  |
| 1.00pm to 1.45pm | Lunch at Warwick House, Southam |
|  |  |
| 1.45pm to 4.15pm | Afternoon written paper in exam room answering four questions out of five from notes made during the morning inspection. |

Note Books will be provided together with sheets of paper for making notes for the afternoon and oral exams. No other paper or books may be taken into the exam. Note Books will be collected in at the end of the morning session.

Marks are available in each section as follows:-

Practical examination –

 Morning Paper 90

 Afternoon Paper 60 150

Oral interview 50

Written examination – 100

5 of the 90 marks allocated to the morning session of the Practical examination will be awarded for presentation.

To pass, candidates will need to achieve 65% across the whole examination (that is 195 marks out of 300) with not less than 60% in any of the Written, Practical or Oral parts.

Candidates should mark their papers with their examination number but **NOT** their name.

Candidates should indicate on the inside cover of their Note Book the general geographical area they work in and similarly on the first page of their afternoon answers.

Candidates are under examination conditions and will be supervised throughout the day including during lunch.

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**Morning Paper (to be answered in Note Book)**

**NO.1 AGRICULTURAL KNOWLEDGE (15 Marks)**

1.1 Answer the ten general agricultural knowledge questions on the separate questions sheet provided to you. (5 marks)

**Commodities**

1.2 Identify and give the current market value in £s/ton for all of the seven items labelled as items a-g. (7 marks)

**Agricultural Equipment**

1.3 Identify the six items labelled as h-m. (3 marks)

**NO.2 LIVE AND DEADSTOCK INCLUDING GROWING CROPS (20 Marks)**

**Livestock** (4 marks)

2.1 Describe and give the current market value of the following animals shown to you.

 (a) Pen X (2 marks)

 (b) Pen Y (2 marks)

**Implements and Machinery** (9 marks)

2.2 Select three items of machinery from the items shown to you referenced a-e and for each:

* Describe as for an auction sale catalogue
* Estimate the hammer price
* Identify and briefly comment on the principal factors influencing the value of each item

**Harvested Crops** (4 marks)

2.3 Describe and assess the quantity and give the current market value of the produce harvested in August 2014 identified to you:

(a) Building A on Plan 1

 (Note: internal dimensions of barn 18m x 11.2m, assume the barn is level filled to the top of the grain walling which is 2.4m high) (2 marks)

(b) Stack of bales (2 marks)

**Growing Crops** (3 marks)

2.4 Describe and value as at today’s date the growing crop in Field number 8982 which has a total area of 8.88 hectares (21.94 acres), as if you were the valuer for the outgoing tenant under the Agricultural Holdings Act 1986. Show your assumptions and workings. (3 marks)

**No. 3 LANDLORD AND TENANT (10 Marks)**

The building marked B on Plan 1 was erected in 2010 without any formal consent from the Landlord. The holding is let under the Agricultural Holdings Act 1986 and the tenancy will terminate on the 25th March 2015. You are asked to prepare brief notes as follows:

* 1. Outline the procedures to be followed in respect of the building by both Landlord and Tenant at the end of the tenancy (3 marks)
	2. Acting on behalf of the Tenant, set out the basis of claim (including the factors to be taken into account in determining value) and identify the value of the building at the end of the tenancy. (4 marks)
	3. How would the basis of claim differ is consent for the building had been given and showing your workings give an indication of the value of the building. (3 marks)

**No. 4 BUSINESS LETTINGS (15 marks)**

Following a change in farming policy Building C on Plan 1 is no longer required for farm use and your client has therefore asked for your advice on letting the building to generate further income.

* 1. Identify the key considerations your client should have regard to when considering an alternative use for this building at this location. Include any regulatory, practical and financial matters. (5 marks)
	2. Outline your recommended use including your reasoning, and comment on the anticipated level of annual rent. (3 marks)
	3. In light of your recommended use prepare Heads of Terms in note form. (7 marks)

**No. 5 COMPENSATION AND COMPULSORY PURCHASE (15 Marks)**

Your owner-occupier client has been visited by an engineer from Thames Water who has requested access across your clients land for a walk-survey for the replacement of a pumped sewer to the treatment works shown blue on Plan 2. The engineer requires access on Tuesday 18th November to undertake a topographical survey.

The engineer has said that the sewer main will replace the existing main which runs in the highway to the north. They will require a 20m working width and the pipe will be protected 3m either side. A new above ground structure is required at the point marked ‘Y’. Thames Water hopes to start working on 5th January 2015.

Your client has instructed you to act on his behalf and to attend a meeting on Friday with your client and Thames Water to discuss this matter.

Making all assumptions clear, write a **file note** for your meeting outlining:-

* 1. The legal framework which Thames Water will use to install the pipe, including notices and timescales. (3 marks)
	2. The key issues observed from your site inspection which may cause impacts for your client and any mitigating action that could be taken. (5 marks)
	3. Provide an indication of the compensation your client may receive indicating the heads of claim, calculation methods and likely amounts. (5 marks)
	4. What are the options open to the parties if there is a dispute as to compensation and reinstatement? (2 marks)

**No. 6 PROPERTY AGENCY (10 marks)**

You have been approached by your client who has decided to publicly sell Field No. 4658 as shown cross hatched purple on Plan 2, which extends to 6.42 hectares (15.86 ac). Following your inspection of the land, in bullet point form:

6.1 Outline the possible methods of sale and which you would recommend and why? (4 marks)

* 1. Set out the pertinent information relating to the field that will be covered in your sales particulars. (4 marks)
	2. Provide an indication of the value of the field and your proposed fee basis for handling the sale. (2 marks)

# AFTERNOON PAPER

**Wednesday 12th November 2014**

**TIME ALLOWED 2½ Hours**

**To be answered on the A4 paper provided.**

**Please start each question on a fresh sheet of paper.**

**Write your CANDIDATE NUMBER ONLY on the top right hand corner of each sheet of your answer paper**

**ANSWER FOUR QUESTIONS ONLY OUT OF THOSE SET**

**All Questions carry 15 marks each**

**No. 7 ALTERNATIVE USE OF RURAL ASSETS (15 marks)**

Your landlord client lets Cedars Farm on an Agricultural Holdings Tenancy and has reserved the sporting rights. Your client has been approached by a neighbouring landowner who wants to expand his game shoot by using the land your client owns at Cedars Farm.

Your client is in agreement and has asked you to write to him setting out your initial thoughts on the following issues:

* 1. Your client is keen to minimise any conflicts between the farming tenant and shoot tenant and has asked you to identify the key areas which will need to be considered and in particular how to approach the tenant in repsect of planting additional game cover. (5 marks)
	2. The landlord has with the tenant’s permission already planted 0.8ha (1.97ac) of game cover in Field No. 1822 but has yet to agree a final figure of compensation. Your client has asked how the tenant should be compensated and a likely figure for compensation. (2 marks)
	3. Your client is concerned that game released may damage the crops on the tenanted land and has asked for an explanation of the process which should be adopted by the tenant if a claim is made for compensation and how a claim for compensation is assessed.

 (3 marks)

* 1. Prepare draft Heads of Terms for a suitable agreement between the landlord and sporting tenant. (5 marks)

**No. 8 TAXATION AND PROPERTY VALUATION**  **(15 Marks)**

You have been instructed to act on behalf of the Executors of the late Mr Farmer, who passed away last month. Five years prior to his death Mr Farmer retired from the family farming partnership, which consisted of himself, his wife and his son.

On his retirement Mr Farmer gifted Cedars Farm to his son, but on the condition that he was able to occupy the Farmhouse until his death. Mr Farmer also retained ownership of Field No’s 3017 and 4509, which have been grazed on a seasonal basis by a neighbouring farmer.

For your information the farmhouse comprises a kitchen, living room, dining room, 5 bedrooms, 2 bathrooms and swimming pool.

You have been asked to attend a meeting with the Executors and the solicitor to consider IHT and valuation issues. In advance of the meeting prepare a briefing paper which should include the following:

8.1 Identify any relevant IHT matters which need to be discussed and any further information which would assist in the consideration of these matters. (7 marks)

8.2 An explanation of any relevant reliefs and how they would apply in this case (4 marks)

8.3 For discussion purposes only provide an initial indication of the value (showing your workings where appropriate to arrive at the figures) of:

i) Cedars Farmhouse

ii) Field No’s 3017 and 4509

iii) Cedars Farm as whole (including the farmhouse, buildings and land)

 (4 marks)

**No. 9 PLANNING AND DEVELOPMENT (15 marks)**

Your client’s are the owner-occupiers of Cedars Farm, a mixed arable and livestock farm extending to approximately 194.41ha (480.39 ac), as shown outlined red on Plan 2 and the attached schedule of areas. The livestock enterprises consist of 450 head of beef cattle and 930 breeding ewes. Their eldest son has been working elsewhere as a Farm Manager but wants to return home and become actively involved in the running of the farm as his parents move towards retirement.

You have been out to see your client’s and have been asked to advise on the options for providing their son with somewhere to live on the farm.

Planning permission has also recently been secured by the client to build a new farm driveway and access shown along the route coloured brown on Plan 2.

Please write a letter to your client’s summarising your initial advice on the alternatives they could consider, together with your recommendations on how you would progress this matter.

**No. 10 PROPERTY VALUATION**  **(15 Marks)**

You have been instructed by HSBC Bank to provide a valuation for secured lending purposes of Field No’s 1796 and 2872 (shown edged green) on Plan 2, following an application by the owner occupier of Cedars Farm for a loan to help fund the conversion of the traditional farm buildings on the holding.

10.1 Prepare a list setting out the details you should include in your Terms of Engagement letter to HSBC Bank. (4 marks)

10. 2 Following your inspection of the field: (8 marks)

(a) Set out the headings that should be included in your valuation report.

 (b) Under each heading set out in bullet point format site notes.

(c) List the additional information you will required to enable you to complete your valuation and report.

(d) Indicate the approximate value of the land with your brief reasons

10.3 What taxation and other issues should the owner occupier consider in his choice of asset to secure the loan against as between Field No’s 1796 and 2872, Cedars Farmhouse (his main residence), or the traditional farm buildings? (3 marks)

**No. 11 HEALTH AND SAFETY AND POLLUTION CONTROL (15 marks)**

Your client is the owner occupier of Cedars Farm. He has recently confessed to knowing very little about the legislation relating to Health and Safety and pollution control and is worried that he may not be complying. You are due to meet him shortly to advise him accordingly. Prepare brief notes in advance of the meeting.

11.1 Identify the key Health and Safety issues specific to the holding and comment on the action needed to mitigate or manage them. (7 marks)

11.2 Outline the key legislation governing Health and Safety and the penalties for non-compliance. (2 marks)

11.3 Identify the key pollution issues specific to the holding and comment on the action needed to mitigate or manage them. (4 marks)

11.4 Outline the key legislation governing pollution and the penalties for non-compliance. (2 marks)