

THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS  
SCOTTISH GROUP

PRACTICAL EXAMINATION

WEDNESDAY 12<sup>th</sup> NOVEMBER 2014

Gateside Farm  
Linlithgow  
EH49 6NE

BY KIND PERMISSION OF GAVIN SCOTT

ALL CANDIDATES WILL HAVE READ THE  
CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS 2014 PUBLICATION:  
*'Guidelines for the Practical and Written Examinations and the Interview'*

Candidates should particularly note:

1. Notebooks, question papers and CAAV publications for both morning and afternoon sessions of the practical examination will be handed to each Candidate at the initial briefing. **All answers, calculations and any assumptions must be properly recorded in the notebook.** This examination paper comprises questions plus plans. Additional paper has been supplied separately.
2. Whilst undertaking their valuations and inspections, Candidates must take note of the general characteristics of the holding, as these may be of relevance to the afternoon session and to the interview (with the item for interview being shown on the plan). All notes for the interview should be made on the additional paper provided.
3. Candidates should answer all questions during the morning session in the notebooks provided. Examiners will look for an orderly format to the notebook and marks will be awarded for the Candidate's approach in the fieldwork and for the presentation of the notebook. Candidates will not be marked down for their choice of format, providing it is clear and logical.
4. **Half an hour** will be allowed before the end of the morning's examination for the completion of calculations and a final check on answers. The notebooks will then be collected by the Examiners at the end of the morning session. No information will be provided other than that given in the questions. Answers to the morning's questions should be in the order in which the questions are presented to the Candidate. **The Candidate's number and practice area should be written on the top right-hand corner of the front cover of the notebook. Ensure that the pages are numbered.**
5. Please prepare the notebook including a summary page and index, using the following information:
  - a) Holding – Gateside Farm, Linlithgow
  - b) Landowner – Gavin Scott

6. Where applicable, candidates should show any assumptions which they have made in arriving at their answer(s).
8. Marks are allocated to the questions as shown.
9. Answers can be given in either metric or imperial but should be consistent throughout.
10. The total marks for the morning Practical will be 85, with an additional 5 marks available for the presentation of the notebook.
11. Candidates are under examination conditions and will be supervised throughout the day including lunch.
12. Smoking and the use of mobile phones is strictly prohibited throughout the exam.

## MORNING PAPER

You will be shown the following items of live and dead stock. Please provide the information listed below in the notebook. All values should be given as at today's date.

1. Identify, describe, and provide a current auction value for five items marked A - E.  
(10 marks)
2. Identify and give current auction value for five items F – J.  
(5 marks)
3. For the purpose of this question, assume the holding is let on an AHA 1991 Act tenancy:
  - a) Who would typically be responsible for U.V filter installation and servicing?  
(1 mark)
  - b) Who would typically be responsible for gutter repairs and gutter replacements on the farm steading?  
(1 mark)
  - c) Describe the remedy available to the both parties under the Act if either fail to fulfil their repairing or replacing obligations.  
(2 marks)
  - d)
    - (i) Estimate the cost of hard-core for track repairs per ton delivered.
    - (ii) Estimate the cost of lime mix pointing per square metre.
    - (iii) Estimate the cost per metre of post and Rylock fencing.
    - (iv) Estimate the cost per cube of concrete delivered.  
(2 marks)
4. Identify, describe, and provide individual valuations of the produce marked K – N on a current market value basis.  
(6 marks)
5. The 1991 Act tenancy of the farm is due to expire on 28<sup>th</sup> November 2014. You have been asked to value the clamped silage. The agreed basis of valuation is market value (on farm) and the dry matter content is 25%.
  - a) Calculate the quantity of silage in the clamp, showing your workings to arrive at the total tonnage  
(2 marks)
  - b) Value the clamp of silage  
(1 mark)
  - c) Other than market value what other valuation method can be used for valuing silage  
(1 mark)

6. Describe and give current market value for the pen of homebred non-pedigree cattle.  
(3 marks)
7. Describe and give a current market value for the pen of non-pedigree sheep.  
(3 marks)
8. Please inspect the growing crop in the field indicated. The field size is 7.97 ha (19.69 acres).
- a) Give the total crop growing costs to date as if on an outgoing tenancy valuation.
  - b) What would you need from the tenant to assist you and verify the claim?
  - c) What else and by how much would this change if the valuation was at the 28<sup>th</sup> of May?
  - d) If the tenant had been growing the same crop in the field for the last four years using the same inputs, and applied lime 5 years ago, would there be claims for anything else?
- (10 marks)
9. Inspect the shed marked 'A' on the plan. Part of it (marked red) is in need of remedial works and one of the items to be replaced is the roof. You have been appointed to project manage the works. Ahead of a meeting with your client:
- a) Outline in list form any practical and legal considerations before work commences for the removal of the existing roof.
  - b) Under which legislation are the proposed works covered.
  - c) List the documents that should be in place before work commences and relevant information they should contain.
- (9 marks)
10. Your client has been approached by a carpenter who wishes to let the whole of building 'A' in which to run his business.
- a) Prepare Heads of Terms for a 10 year lease in respect of the building.  
(6 marks)
  - b) What would you advise your client to do before proceeding with the lease to protect his financial position and to comply with statutory requirements?  
(4 marks)

11. Inspect the building marked '**B**' on the plan provided.

a) Describe it and give an indication of a suitable capacity for existing use.  
(3 marks)

b) Provide an assessment of rebuilding cost for insurance purposes.  
(2 marks)

c) Assume your client rents the farm on a 1991 Act tenancy. He erected the building three years ago but intends to retire from farming November 28<sup>th</sup> 2015 and to relinquish the tenancy. What is the position with regard to claiming compensation for the building from the Landlord and how should he go about it?  
(5 marks)

12. One of the farm cottages (marked **C**) has recently been vacated by a long term tenant. It is surplus to requirements and is to be sold. Write notes ahead of a meeting with your client setting out your recommendations for handling the sale of the property giving advice with regard to legal requirements, marketing strategy and your firm's terms of business. What are the tax implications of selling?  
(10 marks)

## **AFTERNOON PAPER (60 marks)**

**Please answer four out of the five questions, each is worth 15 marks.**

### **Question 1**

You act for the landlord of the farm, which was let effective from May 1975. The holding extends to 165 hectares comprising of 115 hectares arable, 48 hectares pasture and 3 hectares of woodland.

The rent is due for review on 28<sup>th</sup> May 2015.

In addition the holding has a 4 bedroom farmhouse and 2 cottages. The tenant's son resides in one cottage and the other is let as a holding cottage.

The tenant runs a caravan storage business from one of the landlord's buildings (at another location).

The fixed equipment comprises a grain store constructed by the tenant with SRDP monies and a cattle court built on a half-costs basis with the landlord.

The tenant also farms adjoining land which is within his ownership and the buildings at White House Farm also service his land.

- a) Describe the process of conducting the rent review from service of the notice to the meeting with the tenant, making reference to timings.
- b) Prepare a draft rental calculation for the above holding listing the factors to be included and disregarded in the calculation, and making reference to relevant case law and Acts, in preparation for a client meeting.
- c) Assume the rent cannot be agreed. Please make a list of bullet point advice to your client noting the procedures now available to him.

(15 marks)

### **Question 2**

Assuming the farm is owner occupied, your client is proposing to build an additional dwelling on the farm and has approached his bank to finance the proposal. The bank has instructed you to carry out a formal Red Book Valuation of the farm for secure lending purposes.

- a) List in bullet form procedures for receiving and accepting instructions.
- b) List in bullet point format all the matters you need to address in your Report.

(15 marks)

### Question 3

Scottish Power have stated that they will be extending the electricity line further east, along the back of the farmhouse and grass field, and will be sending a wayleave agreement through for your client to sign. Your client is not happy about this, and asks what he can do about it. He has also heard that he can get more money if it is a servitude, and wants to know more about that.

Prepare notes for a meeting with him in regard to his objections, the difference between a wayleave and a servitude, and the heads of terms which you would expect to see included in the wayleave agreement

(15 marks)

### Question 4

Gateside Farm extends to an area of 165 hectares of which 115 hectares are arable and 48 hectares are grassland. The rotation comprises winter barley, oilseed rape with a small amount of spring malting barley also grown. Annually, 15 hectares are let out to a neighbour for potatoes. A suckler cow herd of 50 cows are kept on the grassland. You have been contacted by Mr Scott to advise as to how the CAP Reform will potentially impact on the current business. Prepare notes for the meeting with your client.

(15 marks)

### Question 5

For the purpose of this question, assume you act for the owner occupier of Gateside Farm. The T-junction opposite the farm has become an accident blackspot due to the volume of traffic. The Council are proposing road improvements which includes the creation of a roundabout. The Estates Department of the Council have approached your client to acquire 2 areas of land for this as identified on the plan.

You have been instructed at this early stage.

- a) Prepare a letter confirming the instruction and fee basis.
- b) Outline, in note form, the process and advice to your client in preparation for an initial meeting.
- c) Assuming the matter proceeds to Compulsory Purchase, prepare heads of claim for compensation for submission to the Council.

(15 marks)

