

**THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS  
SCOTTISH GROUP**

**PRACTICAL EXAMINATION**

*WEDNESDAY 13<sup>th</sup> NOVEMBER 2013*

LEARIELAW FARM  
Broxburn  
West Lothian  
EH52 5PG

BY KIND PERMISSION OF WALTER DANDIE & SONS

ALL CANDIDATES WILL HAVE READ THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS 2013 PUBLICATION: '*Guidelines for the Practical and Written Examinations and the Interview*'

Will candidates 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 given out.
3. Candidates will 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 – Learielaw Farm, Broxburn
  - b. Landowner – Walter Dandie & Sons
6. Where applicable, candidates should show any assumptions which they have made in arriving at their answer(s).
  7. In respect of the valuations required on a stocktaking basis, the alternative method of valuation (as required by BEN 19) has been used.
  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.

## **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 market valuation of the six items marked *a - f*, and comment briefly on the principal factors affecting the value of each item described. (12 marks)
  
2. Identify, describe, and provide a total valuation of the produce marked *g - k* on a current market value basis (10 marks)
  
3. Identify and give current market value for all of the eight items marked *l - s* (8 marks)
  
4. Describe and give current market value for the pen of homebred non-pedigree cattle. (3 marks)
  
5. Describe and give current market value for the pen of homebred non-pedigree sheep in the trailer (3 marks)
  
6. Inspect the growing crops in the fields indicated.  
Field 1 extends to 20.98 hectares and the previous crop was Oilseed Rape.  
Field 2 extends to 8.20 hectares and the previous crop was Winter Barley.  
Give total growing crop costs to date for each field, as if an outgoing tenancy valuation. (12 marks)
  
7. Inspect the shed marked Y on the plan.
  - a. Describe it
  - b. Give the capacity for existing or anticipated use
  - c. What would be a reasonable cost for construction and value for insurance purposes
  - d. What consents would be needed to ensure compliance with planning and other legislation? (12 marks)

8. You have been instructed by the owner to sell the Field 3 on the plan. View the field from the bridge.
  - a. Set out the physical characteristics which should be included in the sales particulars, and under each heading, set out site notes in bullet point form (6 marks)
  - b. What additional information might you need to enable the particulars to be completed? (3 marks)
  - c. Prepare a list of the details you should include in your terms of engagement (4 marks)
  - d. Indicate the approximate value of the land, with brief reasons (2 marks)
9. While CAP reform proposals have still to be finalised, there is still a good idea of what is being proposed, and how it might affect individual farms. Your client has asked you how the proposals as they stand might affect him, and the running of his farming operation. He is presently in receipt of a SFP of just under £250,000. Make brief notes on the practical implications for him, prior to a meeting to talk things over. (10 marks)

## **AFTERNOON PAPER**

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

### **Question 1**

Your client is considering their renewable energy options on the farm. Ahead of a planned meeting, prepare in bullet form a list of five renewable energy options on the farm, their associated benefits, and any constraints. (10)

Based on the five options listed above, prepare a letter setting out your recommended option with full justifications, following the meeting with your client. (5)

### **Question 2**

The farm extends to 75 hectares, which is all class 3 (1) arable, let out on a 1991 Act tenancy from year to year. The landlord's buildings comprise only the Dutch barn and the three houses (two of which are let out). The remaining buildings are tenants' improvements, and this holding forms only part of the tenant's overall business.

The landlord has brought you on board, and is complaining because he sees that the value of land is going up, while the rent has remained unchanged for a considerable number of years, despite his own efforts. The tenant contends that 'there's no money in farming' and states that he has had to provide most of the buildings which the landlord should have done, and that £25 per acre is more than enough.

In preparation for a meeting with the landlord, set out in note form the process and timings which would need to be gone through to initiate a rent review, the information you would need from him, the basis of the rental calculation together with adjustments to be included or excluded, and what rent you would expect to obtain.

### **Question 3**

Scottish Water have written to your client to inform him that they wish to lay a mains water pipe through the ground, from the south, running north to Broxburn, crossing the farm immediately to the west of the buildings, and through the fields. The work is to commence in autumn 2014. Having had problems with utilities in the past, the farmer has said they have not to come through the fields, and they are to take an alternative route.

Explain the position to him in regard to the Act under which possession can be taken, the timing and grounds on which he might object, the potential costs involved, and his chances of success.

Assuming the pipeline does go through the ground, set out:

1. the sequence of events from when Scottish Water take possession to when they remove from the land

2. the heads of claim which might be appropriate at each stage
3. the quantum of compensation which might be expected.

#### **Question 4**

Your client and his wife are due to have a meeting with their accountant regarding passing on some of their assets to their three children, who are not involved in the farming business. Before he has the meeting, however, he wishes to meet with you to go round the farm and have a discuss what transfers might be appropriate and practical.

In chatting over the phone beforehand, he thought it might be a good idea, but was concerned about the tax bill he might face. He also said he thought he could probably get ‘that Relief that was brought in a few years ago’, which you think means Entrepreneur’s Relief. The disposals he is considering are

1. two farm cottages which are currently let out (and on which he has spent a lot of money upgrading over the last few years)
2. a 56 acre field on the periphery which is over the road from everything else, which he bought speculatively a year ago, and which he would continue to farm via a tenancy agreement at £1 a year, although he had hoped to get development on it in a few years time.
3. a 10 acre unit with house and steading several miles away owned by his wife, and which has been let to the same tenant for over 40 years.
4. some mature planted woodland on the edge of the farm, extending to about 30 acres.
5. Finally, he was wondering about passing on his farm machinery.

Prepare a briefing note prior to meeting with him to go through the matter, including how any tax might be calculated, and what reliefs might mitigate this.

#### **Question 5**

With the upturn in the housing market, the owner of the farm has recently had a number of approaches from parties interested in developing some or all of it.

He has asked if he can meet to discuss what he might do, but before this has asked you to write to him setting out the pros and cons of each option, along with timescales, typical costs, and fee proposals.

#### **Oral**

Inspect the area outlined in red on the attached plan.

