

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

PRACTICAL EXAMINATION

WEDNESDAY 14th NOVEMBER 2012

SOUTH MAINS FARM

Tartraven

Bathgate

West Lothian

EH48 4NP

BY KIND PERMISSION OF JOHN KERR ESQ

**ALL CANDIDATES WILL HAVE READ THE CENTRAL ASSOCIATION OF
AGRICULTURAL VALUERS 2012 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:

Holding – South Mains Farm, Tartraven, Bathgate, EH48 4NP
Owner/Occupier – Mr J Kerr
Date of Valuation – 14th November 2012

6. Where applicable, candidates should show any assumptions which they have made in arriving at their answer(s).
7. Marks are allocated to the questions as shown.
8. Answers can be given in either metric or imperial but should be consistent throughout.
9. 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 five items marked A-E, and comment briefly on the principal factors affecting the value of each item described. (10 marks)

2. Identify, describe, and provide a total valuation of the produce marked F-J on a current market value basis (10 marks)

3. Identify and give current market value for all of the five items K-O (5 marks)

4. Describe and give the current market value of the pen of homebred non-pedigree cattle. (3 marks)

5. Describe and give current market value of the pen of homebred non-pedigree sheep for stocktaking purposes. (3 marks)

6. Please inspect the growing crop in the field indicated. The field size is 8.01 hectares (19.79 acres) and the previous crop was winter barley. It was intended to sow the field with winter oilseed rape, but due to adverse weather, it will now be sown to spring barley.
 - a. Please provide a total budget for each crop including machinery costs (12 marks)
 - b. What are the practical implications of this change? (3 marks)

7. Look at the building marked 'A' on Plan 1.
- a. Your client has asked you to provide a brief descriptive file note about it. He would also like to know the cost of construction, and how much it should be insured for. (7 marks)
 - b. The building has also formed part of a tenanted holding under the 1991 Act, and the building was erected by the tenant in 2011 with the benefit of a 40% grant and a 25% contribution from the landlord. Noting the relevant sections and subsections of the legislation in your answers:
 - i. what steps should the tenant have taken to ensure compensation would have been paid at outgo?
 - ii. what would have been the basis of the valuation for compensation?
 - iii. much compensation is the tenant due, assuming 28th November 2012 termination?
 - iv. what might the tenant have done had he not given notice? (8 marks)
8. If the farm were held under an Agricultural Holdings (Scotland) Act 1991 tenancy, and the tenant were quitting the holding, state the legislation under which the landlord might make a dilapidations claim, and the conditions which would have to be fulfilled for this to be made. In addition, prepare a list of items and values to be included within a dilapidations claim for the area shown to you (coloured blue on Plan 1), given that there had been no grounds for a dilapidations claim on the previous outgoing tenant. (15 marks)
9. Your client wishes to plough up the permanent pasture field at the bottom of the farm for a potato crop. Advise him on any environmental, cross-compliance and subsidy issues. The raised area in the centre of the field is a scheduled ancient monument. (9 marks)

AFTERNOON PAPER

Answer four out of five questions, each question is worth 15 marks

Question 1

The tenant has erected a second hand shed marked X on Plan 1. The shed is fitted out with equipment to enable it to be used for horse livery. What are the main issues he should have addressed before progressing this construction?

What returns might be expected, and (including the relevant section of the relevant legislation) how might this be dealt with for rental purposes?

Question 2

The neighbouring owner-occupier of a small upland farm has been approached by a windfarm developer who is interested in taking an Option and subsequently Lease Agreement over the land in order to erect, subject to Planning Permission, 4 number 2.3 MW turbines on the farm.

List Heads of Terms to cover both the option and the lease. Suggest what level of return the owner of the farm might expect to receive, and are there any taxation aspects to the agreement which he might wish to consider?

Question 3

Although they have originally come from a rural background, the new owners of the farm are not sure about what to do with the extra land to the south of the road. You have been instructed to visit the farm and provide advice regarding the future options available to the owners for the block of ground and buildings shown edged red on Plan 2, which extends to 97.20 hectares (240.18 Acres).

In preparation for a meeting with the owners, list the possible options available to them, along with any relevant implications.

Question 4

The new owners of the farm are contemplating:

- a) Replacing the farmhouse with a grander one or enlarging it, potentially by linking to the outbuilding on its left; and
- b) Erecting a new covered riding school on site 'B', as marked on Plan 1.

Write a letter explaining their options for making a better house, give a recommendation, and outline the steps they will need to take prior to commencing their two proposed developments. The clients would like you to obtain all the relevant consents, so you should provide your fee structure and guidance on local authority fees.

Question 5

Your client, the owner/occupier of the farm, has asked you to advise him in connection with the electricity lines, a high pressure gas pipeline, and a fibre optic line (shown on Plan 1) that run close to the farmhouse and steading. In particular, he is concerned about their impact on his future development plans in the area.

1. Give an explanation of the type of arrangement which would allow the company to locate its apparatus on your client's land, and the relevant legislation governing this.
2. Assuming the apparatus is going to interfere with the development plans, what options do your client and the electricity company have in relation to the apparatus, and briefly explain the consequences.
3. What impact might the high pressure gas main have, and what options might your client have in respect of this?
4. Give a brief summary of how you would assess the loss in development value in such circumstances.