

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS – EASTERN GROUP

Morning Practical Examination

Wednesday 9th November 2016

At

Harlocks Farm, Soham Road Stuntney

Ely, Cambridgeshire CB7 5TR

Guidance for Candidates

Candidates should have read the 2016 Guidelines for Practical and Written Examinations. All questions in this paper should be answered.

Time allowed – 3½ hours with half an hour extra for completion of calculations and final check on notebook answers (4 hours total).

Notebooks, question papers and CAAV publications for both the morning and afternoon sessions for the practical examinations will be handed to the candidates at the initial briefing.

During the morning session candidates will be shown various items by the examiners.

Introduction and background

Harlocks Farm comprises a Fenland Holding of about 234 Ha (578 Acres). It includes a house adjoining a substantial farmyard. The holding is verged red on the plans.

Landlord is Mr I M Wealthy, a self made millionaire who purchased the freehold about 3 years ago from a traditional institution. Mr Wealthy has no knowledge of farming but his accountant recommended investing in farmland and indicated that a let holding with a tenant approaching retirement was a good way to obtain a capital gain. The current rent is £50,000 per annum. The Landlord served notice requesting a rent review in October 2015 and the review is not yet agreed. A request for Arbitrator appointment has been made to the President of RICS.

Tenant is Mr John Smith, who took the tenancy in 1983 aged 31. Mr Smith is married, and he is not in the best of health. His wife deals with the farm office work. His son James aged 29 works in the business with his father having been to agricultural college. Mr Smith also owns about 41 Ha (101Acres) acres of land freehold with a couple of cottages which he farms in hand adjoining the holding (verged green on the plans).

Mr Smith and his wife live in the farmhouse but are considering moving out and buying a bungalow. Over the years the Tenant has invested heavily on the holding, with Landlords consent, and has added the two potato stores and a reservoir that enables significant irrigation.

Adjoining the farm a block of 68 Ha (170Acres), with a modest house and a general purpose store, verged blue on the plans, is about to be let by the County Council on an FBT. The Council have a policy of letting to new entrants to farming and requiring them to live in the house on the holding.

The 1:20000 scale plan shows the location of the various blocks of land. The 1:2500 Plan shows in more detail the house, yard, buildings and closest fields on the AHA holding, and the owned cottages. The lettering on this plan identifies the various buildings and areas specified in relation to the exam questions.

QUESTION 1

A Identify the current crop in the field marked E on the attached plan. Provide a valuation for stock taking purposes for this crop at today's date showing your calculations. Your valuation should assume the area of the field is 1.38 hectares. (3 Marks)

B Provide a Gross Margin of this crop on a per hectare basis for harvest 2017. (2 marks)

C For field E provide on a month by month basis from today's date to Harvest 2017 the likely inputs and cultivations that would be carried out or applied to the crop. For the sprays and fertiliser there is no need to detail the trade name or chemical names but please state the category of fertiliser (e.g nitrogen, compound) or spray (herbicide, insecticide etc). (2 Marks)

D Mr Smith is in breach of his tenancy agreement as it requires Field D to be maintained as a grass paddock and not to be used as a machinery storage area. Provide costings for re-establishment of this field to a grass paddock. Field D measures 0.85 Ha. (2 marks)

E Calculate the cost of re-fencing this field with stock fencing (2 strands of barbed wire and stock netting). Assume the perimeter measures 380m. (1 mark)

QUESTION 2

You will be shown various Farm Produce & Commodities

A Assuming a heap size within Building J of 28m wide x 13m deep x 3m high, identify the produce harvested in August 2016 and calculate the total tonnage showing all your workings and assumptions. Assume a front slope angle of 45 degrees. (3 marks)

B Provide a current market value for the heap in Building J ex-farm. (1 mark)

C Identify the commodities shown in containers 1-5 and provide a current value per tonne ex-farm (10 marks)

D Commodity 5 exhibits pest damage and has been deemed un-suitable for human consumption and will be sold for feed only. What is the pest that has caused this? (1 mark)

QUESTION 3

You will be shown 5 items of farm machinery equipment labelled 6 –10.

Describe each item as if it were being included in a catalogue for sale by public auction and provide a current market value for each item. (10 marks)

QUESTION 4

Mr Smith is looking to relocate the fuel storage facility in area B. He has been advised by his contractor that asbestos may be present and he will need to factor this into his price. Mr Smith thinks that asbestos may also be present elsewhere on the farm.

A List four locations where Mr Smith is likely to find asbestos: (2 marks)

B List three high risk locations where you should not store fuel when siting a new diesel tank: (3marks)

Mr Smith is contemplating getting a contractor to replace the damaged sheets on the mono-pitch building in area B. In order for him to budget the expenditure:

C Calculate the approximate cost of replacing these sheets and provide a breakdown of your workings (4 marks)

D Advise what health and safety regulations apply for this work (1 mark)

QUESTION 5

Within area K is an electricity line established by virtue of a wayleave agreement granted in 1990. The current Distribution Network Operator (DNO) is UK Power Networks (UKPN).

The Tenant has achieved planning consent to construct a further cold store, packing facility and associated infrastructure in area K. The existing electricity line equipment is to be relocated and upgraded to facilitate the development.

A What is the relevant legislation governing the existing wayleave and what is the procedure to remove or alter it? (2 Marks)

B What options does the DNO have to respond to such a request? (2 Marks)

Answering on behalf of both the LANDLORD and TENANT unless otherwise stated:

c) Assuming the existing cables are to be removed and the upgraded line laid underground the Landlord and Tenant may be entitled to compensation. Set out the key heads of claim as well as basis and likely level of compensation. (4 Marks)

d) On what basis could the Landlord expect any annual wayleave payment in respect of the upgraded works to be made? (2 Mark)

QUESTION 6

One of John Smith's cottages (shown with Letter 'F' on the plan) within the property he owns has recently become vacant and he is considering letting it out on an assured shorthold tenancy.

A What current legal requirements and other measures of good practice are there which Mr Smith, as landlord of the cottage, should consider in respect of a potential future letting? (5 marks)

B Which Act or Parliament relating to residential lettings received Royal Assent in May 2016? (1 mark)

C What legislation exists in respect of holding a deposit for the letting, explain the practical effect of this and advise on the typical deposit level. (2 marks)

D Mr Smith has recently heard that new legislation has come into force in respect of energy efficient standards on let properties – please advise as to what these are? (2 marks)

