



THE MIDLAND COUNTIES EXAMINATION GROUP OF THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS

PRACTICAL EXAMINATION PAPER

Wednesday 9th November 2016

**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 Hall Farm, Wormleighton, Warwickshire.

MORNING QUESTIONS

Answers to be written in the Note Book provided.

ORAL QUESTION

The fields hatched blue on Plan 1 will be the subject of the Oral Interview on Thursday 10th November. Candidates may make notes on the **yellow paper** provided. The notes will be handed back at the end of the morning to be given back just ahead of 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 2016 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	<u>60</u>	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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**Wednesday 9th November 2016
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

- 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

- 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
- (9 marks)

Harvested Crops

- 2.3 Describe and assess the quantity and give the current market value of the produce harvested in August 2016 identified to you:
- (a) Building A on Plan 1
(Note: internal dimensions of barn 46m x 27m, assume the barn is level filled to the top of the grain walling which is 2.5m high) (2 marks)
- (b) 10 No. bales (2 marks)

Growing Crops

- 2.4 Describe and value as at today's date the growing crop in Field X which has a total area of 7.487 ha (18.50 ac). Show your assumptions and workings. (3 marks)

No. 3 PLANNING AND DEVELOPMENT

(15 Marks)

Your owner occupier client has asked to meet you to discuss the possibility of converting the traditional buildings (marked B on Plan 1) into residential use. They understand that the legislation has changed fairly recently in order to make the process simpler. Provide a briefing note ahead of your meeting on the following:

- 3.1 What legislation is your client referring to? (1 mark)
- 3.2 In accordance with the legislation what considerations should be taken into account when looking at eligibility? (4 mark)
- 3.3 What will the Local Authority consider when deciding if prior approval is required? (3 marks)
- 3.4 What should be submitted to the Local Planning Authority and what is the decision timeframe? (3 marks)
- 3.5 If the application is successful, your client is considering selling the building. What are the practical implications of this in relation to the farm as a whole? (4 marks)

No. 4 PROPERTY AGENCY

(15 marks)

The owner of Hall Farm is a new client and has contacted you to inform you that he has fallen out with the existing tenant of Lantern Cottage. The tenant has occupied the property since 2010 and has never worked on the holding or been involved in agriculture. Your client would like to end the arrangement with a view to re-letting the property. You have been asked to meet with your client and advise him on what steps to take to achieve his objective. In note form please comment on the following:

- 4.1 Set out the procedure for bringing the tenancy to an end, and the course of action available to your client if the tenant refuses to leave (4 marks)
- 4.2 What statutory obligations does the Landlord have to comply with when re-letting the property and what checks do you need to undertake regarding a prospective tenant? (4 marks)
- 4.3 What practical, procedural and legal matters do you need to consider to complete this letting? (4 marks)
- 4.4 From your inspection of Lantern Cottage what factors will influence the likely achievable rent and how could this be improved? (3 marks)

No. 5 LANDLORD AND TENANT

(10 Marks)

Your landlord client has instructed you to advise him in relation to the outgoing tenant of Hall Farm. The farm is let on an Agricultural Holdings Act tenancy, incorporating the Model Clauses (SI 1973/1473 as amended). The Tenant is quitting the holding on 25th December 2016.

- 5.1 Briefly describe Building C. (2 marks)
- 5.2 In table form prepare a schedule of any dilapidations, identifying where the repairing responsibilities lies for each (4 marks)
- 5.3 Clearly stating any assumptions, set out the timescales, procedures and basis of valuation for your client to claim dilapidations against the Tenant at the end of the Tenancy. (4 marks)

No. 6 COMPULSORY PURCHASE AND COMPENSATION

(10 marks)

Your client is the owner occupier of Hall Farm and has received a letter from Western Power Distribution (WPD) informing him that they would like to do a refurbishment of the electricity line marked in red on Plan 1. They also want to set up a 40m x 40m compound adjacent, to store equipment for the works.

Entry is due to be taken on the 1st December and all the apparatus is under a valid wayleave agreement. Stating your assumptions prepare a briefing note covering:

- 6.1 What are the two legal mechanisms WPD can use to enter the land to do the works? (1 mark)
- 6.2 In table form, what are the key practical implications of the scheme for your client and the possible mitigation measures that could be taken? (5 marks)
- 6.3 Outline the likely compensation claims for your client, indicating the heads of claim, calculation methods and likely amounts (4 marks)

AFTERNOON PAPER
Wednesday 9th November 2016

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 BUSINESS STRUCTURES AND DIVERSIFICATION (15 Marks)

Your clients are Joe Smith, the Agricultural Holdings Act tenant of Hall Farm, and his son Paul. Paul currently runs an informal DIY livery from building E and would like to turn it into a more formal serviced livery business using the existing grass land and taking a further field out of arable production for grazing. Paul would like to set up a limited company and rent the buildings and the land from his father. Joe would like to give Paul the opportunity but would like you to advise them before he commits to anything.

- 7.1 Joe would like to know about the implications to his tenancy of renting the buildings and land to Paul's new business. Outline the key considerations. (4 marks)
- 7.2 Joe is worried that Paul has not given enough consideration to the legal structure of the new business or the practical implications of diversification. Draft a brief letter to the family outlining:
- 7.2.1 The three main business structures that could be considered and the advantages and disadvantages of each (6 marks)
- 7.2.2: The practical points that he needs to consider about his diversification proposal (5 marks)

No. 8 VALUATION

(15 MARKS)

You have been asked by your client to provide advice in connection with Building F and the adjoining paddock which extends to 2.58ha (6.38ac) for the purposes of assessing development values prior to a transfer of the asset. The asset is to be valued on the special assumption that planning permission is in place for conversion of the barn to residential use.

- 8.1 In advance of preparing your report set out in bullet points the headings for your terms of engagement for the valuation listed above? (3 marks)
- 8.2 Prepare bullet point inspection notes for the Property (3 marks)
- 8.3 Showing your workings, provide a value for the Property (4 marks)
- 8.4 Outline any key factors that will affect the value of the Property (3 marks)
- 8.5 Subsequent to this the accountant has asked for a valuation prior to any transfer without the special assumption. State if it is Red Book or not and your reasons why (2 marks)

No 9. GENERAL REGULATIONS AND HEALTH AND SAFETY

(15 MARKS)

Your owner occupier client is considering whether to establish an intensive beef fattening unit at Hall Farm using the buildings and infrastructure previously used in connection with the dairy herd. Your client is aware there are environmental regulations to comply with in respect of the fattening unit

- 9.1 Summarise the main points in the NVZ regulations that must be adhered to. (5 marks)
- 9.2 Your client is concerned about the cost of modernising, replacing or investing in new equipment, for a slurry based system, to ensure the buildings comply with the NVZ regulations. Summarise in bullet point form the main physical requirements that are required to the buildings and yards and identify how this might differ with a straw based system. (5 marks)
- 9.3 In bullet point form, advise your client on the key components of an asbestos management plan (2 marks)
- 9.4 Set out which Environment Agency Waste Exemptions your client needs for the farm (3 marks)

No. 10 GRANT SUBSIDIES AND SCHEMES

(15 marks)

Your farming client has a number of questions relating to the Basic Payment Scheme and other environmental schemes which he has outlined to you. From the previous year's claim, you know that the holding extends to a total area of 240.60ha (594.52 ac), of which there is a total eligible arable area of 161.88ha (400.01ac). Your client has also provided you with various measurements as detailed on Plan 2.

- 10.1 Using the information provided, calculate the following:
- 10.1.1: Target EFA area (1 mark)
 - 10.1.2: The EFA achieved from existing farm features (3 marks)
 - 10.1.3: Provide advice as to how to achieve the target for any shortfall (1 mark)
- 10.2 Specify cropping requirements as areas in terms of crop diversification and provide an example of when a crop diversification exemption may apply (2 marks)
- 10.3 Your client is looking to tender for some additional land, available to Let on an FBT without the benefit of entitlements. Advise your client how he may obtain additional entitlements, their likely value and any additional costs he is likely to incur. (2 marks)
- 10.4 Your client has asked you to prepare a briefing note on the following topics:
- Rules relating to the management of hedgerows
 - Dual funding
 - The Mid-Tier scheme, including the application process, based on 2016 guidance
- (6 marks)

No. 11 ALTERNATIVE USE OF RURAL ASSETS

(15 MARKS)

Your client is looking to expand his arable operations and needs to increase his crop storage facilities and has asked for your advice to identify possible solutions.

- 11.1 Identify the options available to your client to meet this requirement, giving advantages and disadvantages (5 marks)
- 11.2 What are the practical considerations your client would need to consider if he were to build a new grainstore in position D on Plan 1 (4 marks)
- 11.3 Set out the specification and itemise the likely costs if a new building was erected at position B, based on the dimensions 60m x 30m (3 marks)
- 11.4 What checks should your client undertake on the preferred building contractor before you engage them to do work? (3 marks)