

# **CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS – EASTERN GROUP**

## **Morning Practical Examination**

**Wednesday 8<sup>th</sup> November 2017**

**At**

**Lattenbury Farm, Godmanchester**

**Huntingdon, Cambridgeshire PE28 9PA**

### **Guidance for Candidates**

Candidates should have read the 2017 Guidelines for Practical and Written Examinations. All questions in this paper should be answered.

Time allowed – 3 ½ 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 examination 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**

Lattenbury Farm is a mainly arable holding extending to approximately 274.70 hectares (678.78 acres) as edged red on Plan 1. There is a farmyard with a range of buildings and a farmhouse as shown on Plan 2. There are also two modern farm cottages.

The farm is owned by a private investor who purchased it 15 years ago before the subsequent rapid increase in land prices.

The farm is currently let to William Jones who succeeded to his father's tenancy in 1998 aged 55. William's father took the original tenancy in 1965.

William's son, Andrew, is now aged 36 and has been working on the farm since he left agricultural college. Andrew has recently taken over most of the day to day management of the farm from his father.

The land edged blue on the plan is owned by William Jones. This parcel of land extends to 4.94 hectares (12.21 acres) and is currently used as grazing for their small flock of sheep.

When William's father died in 1997, he left him a parcel of land adjoining the edge of the village of Papworth Everard, which lies to the south of the farm. This land was subsequently allocated for residential development and William has recently sold it to a developer for £5.5m.

## QUESTION 1

- A Identify the current crop in the field marked F on the attached plan. The previous crop was oilseed rape. Provide a valuation for stock taking purposes for this crop at today's date showing your calculations and assumptions. Your valuation should assume the area of the field is 32 hectares. **(5 marks)**
- B List 3 possible end uses for the crop in field F. **(1 mark)**
- C List 3 likely cultural (non-chemical) controls that the farm could employ to assist with blackgrass control on the arable land. **(2 marks)**
- D Provide a Gross Margin for a crop of Winter Beans on a per hectare basis for harvest 2018. **(3 marks)**
- E For a field of Oilseed Rape, provide a month by month (from Harvest 2017 to Harvest 2018) list of the likely cultivations, operations and inputs 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) or spray (e.g. herbicide). Costs are not required. **(4 marks)**

## QUESTION 2

- A Assuming a heap size within Building B of 14m x 14m at the base and 3m high, identify the produce harvested in August 2017 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 ex-farm. **(1 mark)**
- C Provide a value **per litre** for the farm commodity shown marked Y. **(1 mark)**
- D Identify the commodities shown in containers 1-5 and provide a current value per unit advised ex-farm stating any assumptions. **(5 marks)**
- E Describe each of the 5 items of farm machinery marked 6-10 for inclusion within an auction catalogue and provide an estimate of the current market value for each. **(10 marks)**

### QUESTION 3

- A Describe and give the current market value of the following livestock in Building D:
- i) Pen W. They are 10 - 12 months old. **(2 marks)**
  - ii) Pen X. They are 18 - 22 months old. **(2 marks)**
- B Identify, assess the quantity and provide a market value for the produce shown to you which was produced in 2017
- i) Stack 1. **(2 marks)**
  - ii) Stack 2. **(2 marks)**
- C Provide three Cross Compliance measures which must be adhered to when keeping cattle as detailed in The Guide to Cross Compliance in England 2017. **(3 marks)**
- D Comment on the relevant regulations governing the occupation of the livestock buildings by cattle and the options available and requirements for handling the resultant waste. **(4 marks)**

### QUESTION 4

Building E, as labelled on site, was erected by the tenant with unconditional written landlord's consent. It was constructed about 10 years ago with no grant aid and measures 46 metres by 36 metres.

**For the purposes of this question only, please assume that the tenancy is to come to an end within the next three months and that all compensation matters are to be dealt with at arm's length:**

- A State which part of the AHA 1986 Act governs the compensation provisions and describe the requirements and procedure that would need to be observed for the tenant to obtain compensation in respect of this building. **(3 marks)**
- B How is the appropriate level of compensation payable for the improvement under the AHA 1986 assessed? **(1 mark)**
- C Provide an appropriate methodology for calculating the value of the building for end of tenancy compensation purposes. Please set out your assumptions and reasoning. **(4 marks)**

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- D Are there any Capital Gains Tax implications for the tenant to consider in relation to his compensation? **(2 marks)**

**Assuming the building is a tenant's fixture which the landlord has elected to purchase:**

- E How is the compensation payable for the fixtures assessed under the AHA 1986? **(1 mark)**
- F Provide a valuation of the building for end of tenancy compensation purposes showing your calculations. **(4 marks)**

### **QUESTION 5**

- A What is the Euro exchange rate in £ Sterling for the 2017 Basic Payment Scheme and how is it calculated? **(2 marks)**
- B Mr Jones used winter beans to meet the Ecological Focus Area (EFA) requirement in the 2017 BPS claim. Briefly explain the implications of using winter beans for EFA in the 2018 BPS claim. **(1 mark)**
- C With reference to Field G, which environmental feature would you recommend Mr Jones considers using for the 2018 EFA requirement? What are the key requirements and the weighting for EFA? **(3 marks)**
- D Mr Jones would like to grow a cover crop before planting spring barley to satisfy his 2018 EFA requirement. Assuming Mr Jones' EFA requirement in 2018 will be 12 hectares:
- i) How many hectares of EFA cover crop alone would be needed to meet this requirement? **(1 mark)**
  - ii) When would it need to be sown by and kept until? Include day, month and year. **(1 mark)**
  - iii) Suggest a suitable and compliant cover crop mix. **(1 mark)**
  - iv) Can Mr Jones graze sheep on the cover crop at all? **(1 mark)**

## QUESTION 6

The building labelled A on Plan 2 was, until recently, used by your client, Andrew Jones, as a farm workshop. Another building has made this use redundant, and your client has been approached by a local joinery company who would like to rent the building.

The landlord of the holding has given his consent for the sub-letting, on the condition that the correct documentation is drawn up and approved by him. You have been instructed by your client to advise.

- A The landlord is particularly concerned to ensure that the sub-tenant does not acquire any security of Tenure. Outline in note form how to avoid this by reference to the relevant legislation. **(3 marks)**
- B Prepare a draft Heads of Terms for the lease. You should include an appropriate market rent per annum for the workshop. Assume the building measures 21 metres by 24 metres and show your calculations. **(5 Marks)**
- C What other statutory or regulatory matters should Mr Jones consider in undertaking this letting? **(2 marks)**

**END OF PAPER**