

BACKGROUND INFORMATION

CLOCK FARM

Clock farm is a predominantly arable holding with as small area of permanent pasture, comprising a farmhouse with adjoining cottage, a cottage, a range of traditional brick buildings and a range of more modern buildings.

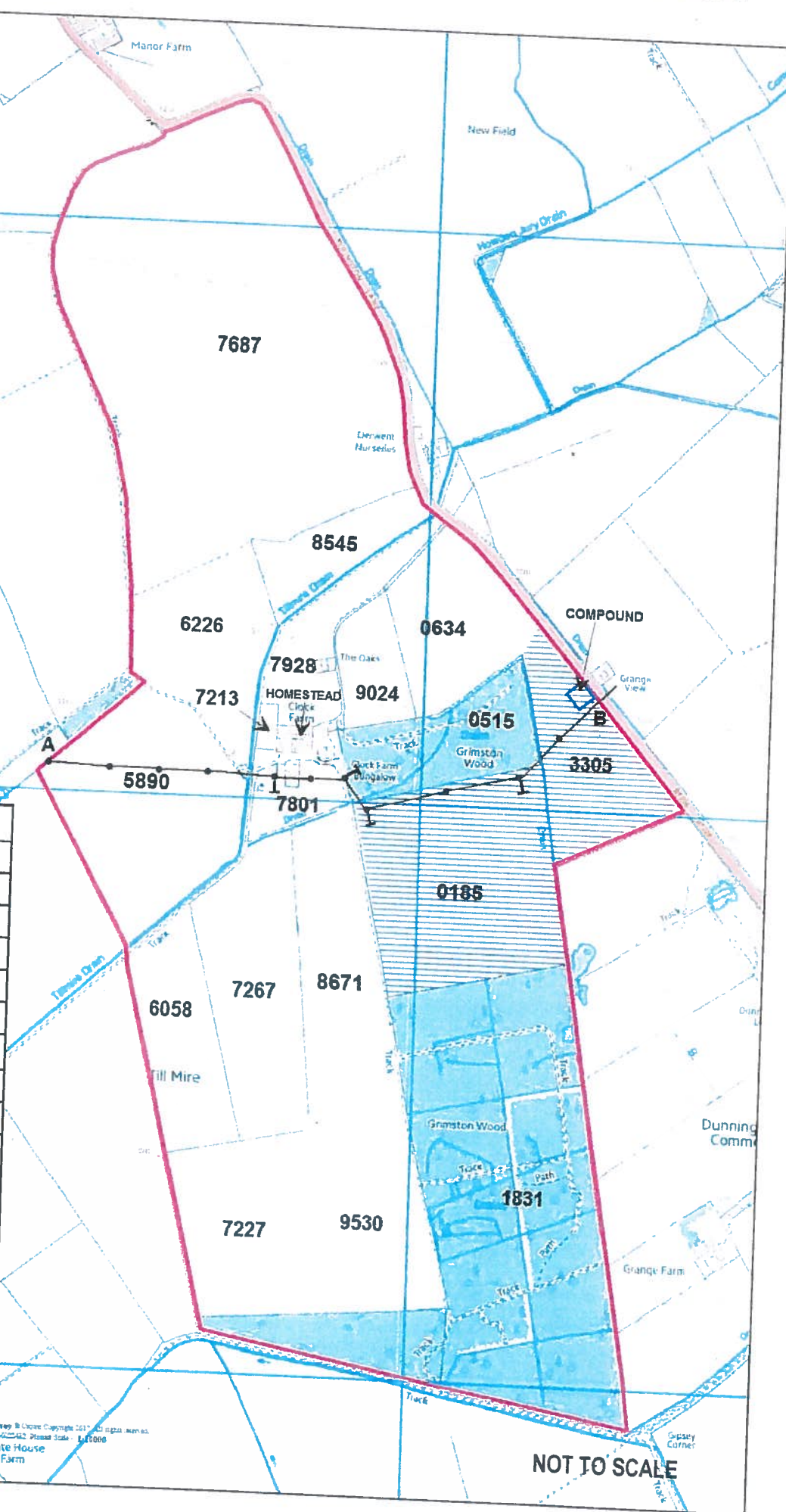
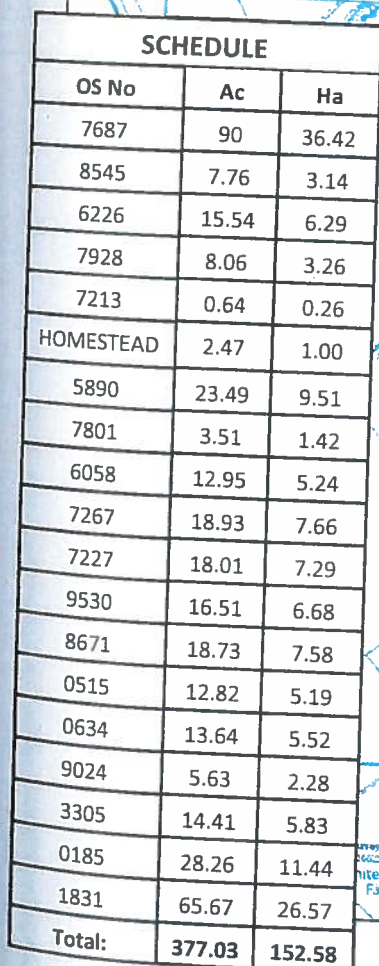
The cropping for the 2018 harvest is as follows:

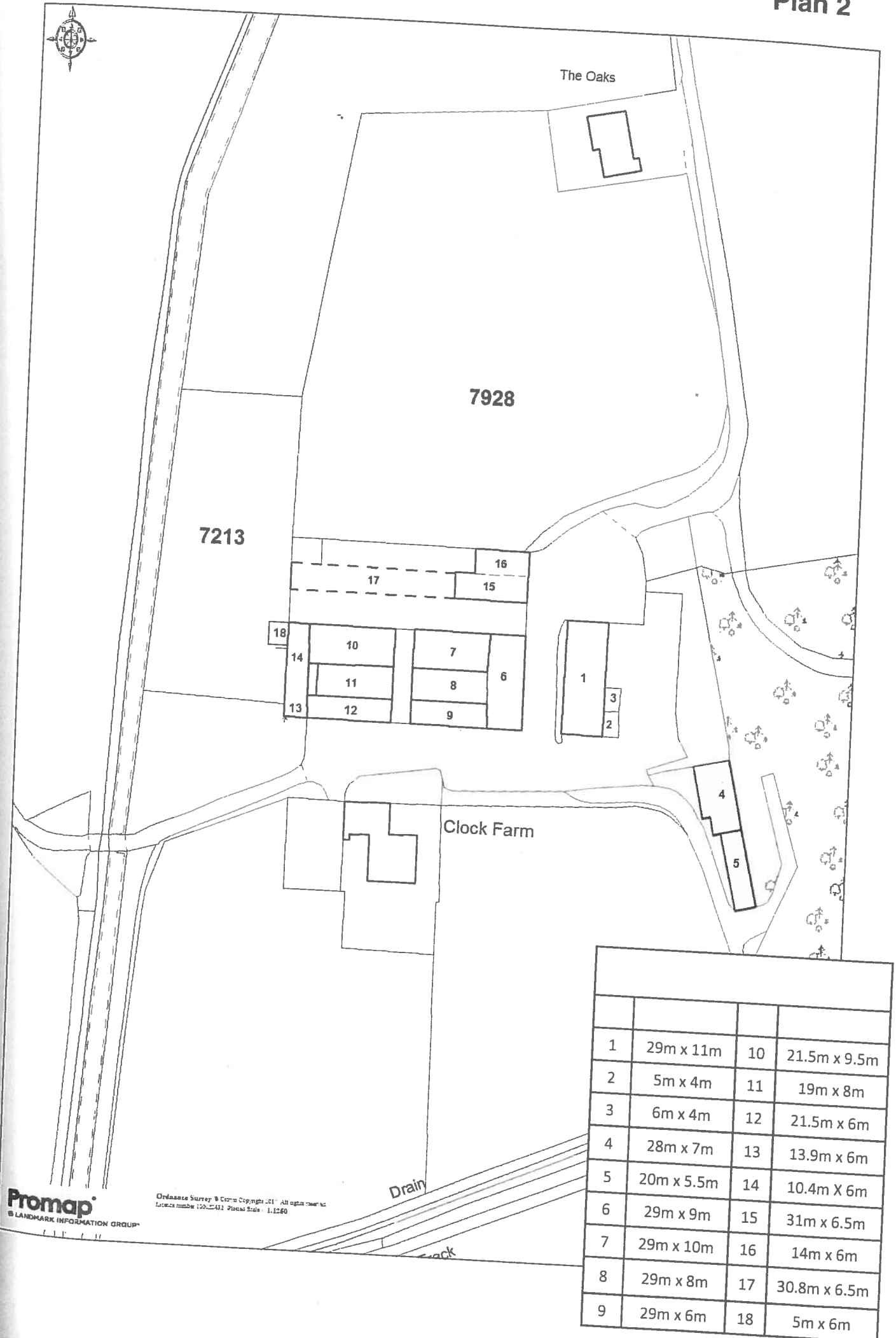
Winter wheat	31.67 ha
Winter OSR	16.19 ha
Winter barley	11.35 ha
Stubble for pots	11.44 ha
Stubble for spring barley/hemp	41.95 ha
Permanent pasture	<u>7.22 ha</u>
Total	119.82 ha

CAAV NORTHERN GROUP 2017

ORAL QUESTION

Whilst on and as you approach the farm with reference to the plans provided (PLAN 1 & PLAN 2) have regard to the property as a whole as observed during the course of the morning question paper.





Central Association of Agricultural Valuers

Northern Group Practical Examination

Wednesday 8th November 2017

Morning Paper

8.45am – 1.00pm

FARM INSPECTION/COMPLETION OF NOTEBOOK

Important Notes

1. You are required to answer **ALL** questions on this paper.
2. **20 marks are allocated to Question 1, 15 marks are allocated to Question 2 and 10 marks to each of the remaining 5 questions.**
3. In addition, 5 marks are available for presentation of the notebook.
4. Answers to all questions on this paper should be completed in the Notebook provided. (These books will be taken from you for marking at the end of the morning session. Therefore any additional notes you wish to make to assist with the afternoon paper or the oral interview should be made on separate paper provided).
5. In answering the questions show all workings, any assumptions, and basis of valuation where applicable.
6. Your attention is drawn to the afternoon paper and the note regarding the oral interview. Your observational powers will be tested.
7. All candidates must answer the questions on the basis of English conditions/law.

YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON PAPER DURING THE MORNING.

Question 1

- (a) Describe and value the six bags of the product marked 'A'. (2 marks)
- (b) Describe and value the single bag of the produce marked 'B'. (2 marks)
- (c) Describe and value the four bales of produce marked 'C'. (2 marks)
- (d) i) Identify the produce in the bucket marked 'D'.
The produce in the bucket marked 'D' is stored in the grain bin adjoining. The grain bin is full to the top; the dimensions are 3m x 3m x 5m (assume it is flat bottomed).
- ii) Calculate the tonnage of produce stored in the grain bin.
- iii) Estimate the value of the grain stored in the bin. (2 marks)
- (e) Value the animals that are in the pen. Do not enter the pen. The animals are 3-4 years of age. (2 marks)
- (f) Describe and value the machinery marked '1'. (2 marks)
- (g) Describe and value the machinery marked '2'. (2 marks)
- (h) Describe and value the machinery marked '3'. (2 marks)
- (i) Describe and value the machinery marked '4'. (2 marks)
- (j) Describe and value the machinery marked '5'. (2 marks)
- (Total 20 marks)**

Question 2

- (a) Woodland is comprised of coniferous and deciduous trees. Please define each term and give one example of these tree types/classifications which you have identified on this subject holding. (4 marks)
- (b) Your client is keen on field sports and has identified field 0185 as a potential area to plant to improve the amenity of the holding for shooting. They have also enquired about costs.
In preparation for a meeting with your client, please set out in note form the options, opportunities, time frames, the financial support available and cost implications of this project. Your answer should include consideration of the practicality of the proposal. (8 marks)
- (c) Please give your reasoned opinions as to whether this project should go ahead. (3 marks)
- (Total 15 marks)**

Question 3

The farm requires organic manure and your client, the owner occupier, has decided to use the existing buildings to either:

- keep finishing pigs from 35 kg/lw to 110kg/lw on straw, or
- keep finishing cattle from 400 kg/lw to 600 kg/lw,
- and in either case, also erect a new building 18.0m x 30.0m x 7.2m to eaves to temporarily store cereals and oilseeds after harvest and either pigs or cattle the rest of the year. Building 9 is Grade II Listed.

(a) Inspect buildings 6 to 18 and list the buildings which you consider to be suitable and why, identifying which livestock you are basing your decision on. **(4 marks)**

(b) Answer either part but not both

- How many pig places will there be in the new building?
- How many cattle places will there be in the new building? **(1 mark)**

(c) On the copy of Plan 2 stuck to the inside of the back cover of the Notebook, sketch (it does not need to be to scale) the new building location you would recommend to the occupier and give four reasons for your recommended siting.

(5 marks)
(Total 10 marks)

Question 4

Please inspect the growing crop in OS Number 6226, the area is 6.29 ha. The previous crop was Oilseed Rape.

(a) Identify the crop **(1 mark)**

(b) Assuming you are the valuer acting for the outgoing Tenant, list the cultivations with costings that would have been required to establish this crop to date. **(3 marks)**

(c) For an end of tenancy tenant right valuation, what is enhancement value and how do you assess it? **(2 marks)**

(d) Excluding any basic payment, prepare a detailed gross margin budget for the field for this crop for harvest 2018. **(4 marks)**
(Total 10 marks)

Question 5

The local electricity company, Northern Powergrid, have notified your client (the owner-occupier) that they intend to carry out works across the farm, and neighbouring farms, in March 2018. The works will last 3 months and comprise replacing the poles and stays (where fitted) and refurbishing the overhead line. The extent of the works on your client's land is only between points A-B on Plan 1, albeit access will be required for the full duration of the project. A storage compound adjacent to the road/access point in field 3305 will be required – the extent of which will be 35m by 35m. The works will necessitate a 4m wide corridor under the lines and 8m x 8m around each pole. The corridor through the farm is 937m, of which 277m is in 3305 and 325m is in 0185. Your client will allow them to use farm tracks where appropriate.

For the purposes of this question ONLY, you should assume that the cropping in field 0185 is the same as 3305.

- (a) Prepare a draft claim for compensation arising from the project for OS 3305 and 0185 only to help your client understand the impact on his farm budget. **(6 marks)**
 - (b) Your client has advised you that he is not aware of any written agreement for the overhead line and that he has never received any payments from the electricity company. In preparation for a meeting with your client, prepare notes on the different types of agreement that are available, together with two advantages and two disadvantages of each, and the payments available, including how they are calculated. **(4 marks)**
- (Total 10 marks)**

Question 6

Your client's family have kept their own horses at Clock Farm for many years and your client wishes to explore the possibilities of commercial livery in an attempt to improve his income stream. Your client is 52 and he occupies Clock Farm under an Agricultural Holdings Act Tenancy, with one possible succession remaining. Your client wants to utilise buildings 11 and 13 on Plan 2 and construct an all-weather arena in field 7213. In advance of a meeting with your client prepare notes to assist you in providing initial advice regarding the following:

- (a) The practical implications **(3 marks)**
 - (b) What permissions are required **(3 marks)**
 - (c) The implications for both Landlord and Tenant. **(4 marks)**
- (Total 10 marks)**

Question 7

Your client has just inherited Clock Farm and has told you that the farm is let under an Agricultural Holdings Act Tenancy.

Your client understands from the Tenant that for a period of approximately 4 years the Tenant has been allowing a friend (Mr Smith) to use building 10 on Plan 2, free of charge, for chopping and storing logs for sale.

Your client is concerned that the present occupation arrangements for the building may give rise to complications in the future and has sought your advice regarding letting the building directly to Mr Smith.

Your client does not have any capital at their disposal and wants to merely hold the farm as a long term investment without any significant expense, they do not want to sell any part of it.

- (a) Based on your observations of the farm, make notes in advance of a meeting with your client regarding:
- any repairs and alterations to the building that are likely to be required/desirable. (2 marks)
 - what arrangement in relation to repairs does your client need to make with the current Tenant. (1 mark)
 - what would be the governing legislation and how would your client's repairing liability under this legislation differ from the existing liability. (3 marks)
- (b) State what rental value might be appropriate for the building for a commercial letting and show your calculations. (2 marks)
- (c) Write brief notes on the arrangements that might be considered between Landlord and Tenant regarding the funding of those works that you have identified as being required to the existing building. (2 marks)
- (Total 10 marks)**

Central Association of Agricultural Valuers

Northern Group Practical Examination

Wednesday 8th November 2017

Afternoon Paper

2.00pm – 4.30pm

PRACTICAL WRITTEN

Important Notes

1. Answer **4 out of 5** questions on the paper provided.
2. **All questions carry equal marks: 15 each**
3. Write your candidate number only (not your name) in the top right hand corner of each page.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Write on one side of the paper only and leave a margin at the left-hand side.
6. Questions are related to the farm inspected this morning and are individually framed so as to minimise the need to make assumptions. Please state clearly any assumptions you do make and the reason for them.
7. Presentation and clarity of your answers is important.
8. All candidates must answer the questions on the basis of English conditions/law.

YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON QUESTIONS DURING THE MORNING.

Question 1

Your client is the owner occupier of Clock Farm which extends in total to 152.58ha. Your client has significant bank borrowings and he wishes to reduce this debt by selling OS Numbers 0185 and 3305 totalling 17.27 ha (as shown hatched blue on Plan 1) on the open market.

Your client has asked you to provide advice regarding the possible sale of these two fields. Please note that there is vehicular access to OS 3305 directly from the adjacent public highway.

Please provide bullet points regarding the following:

- (a) The issues and factors to consider that will influence the marketability and value of the property (7 marks)
- (b) Which method of sale would you propose to your client and why? (4 marks)
- (c) Which of the client's other professional/business advisers may you wish to speak to prior to marketing the land for sale and why? (3 marks)
- (d) Provide an estimate of the price the land is likely to achieve if sold on the open market, freehold with vacant possession.

(Note – please state your geographical area of practice). (1 mark)

(Total 15 marks)

Question 2

Your client occupies Clock Farm under an Agricultural Holdings Act (AHA) 1986 tenancy.

He would like to update his grain storage/drying facilities. He has asked for your advice on whether to pull down and replace his current facilities in buildings 15, 16 and part of 17 which are Tenant's Fixtures, or retain these buildings and build a new store just to the north of those buildings in field 7928. In advance of a meeting with him prepare some notes covering the following areas:

- (a) What are the practical implications of both scenarios? (6 marks)
- (b) What legislative issues must he consider? Name any appropriate Acts. (3 marks)
- (c) He would like to mention his plans to his landlord who has indicated that the new building should be recorded as either a Tenant's improvement or a Tenant's fixture. Briefly explain the differences. (6 marks)

(Total 15 marks)

Question 3

Your client is the owner (Landlord) of The Oaks on Plan 2. For a number of years, the property has been occupied by a tenant employed as a chef at a local restaurant. The planning approval decision notice for the property contained a condition stating:

"the occupation of the dwelling shall be limited to a person solely or mainly working, or last working, in the locality in agriculture or in forestry, or a widow or widower of such a person, and to any resident dependants"

Recently, an Enforcement Officer from the Local Planning Authority (LPA) visited the property and wrote to your client requesting further information about its occupation. Before replying to the Enforcement Officer, your client has asked for your advice in order to determine the likelihood of the existing tenant being able to continue occupation of the property lawfully.

- (a) Firstly, what key information would you request from your client to ascertain the current status? **(5 marks)**
- (b) Assuming the tenant has occupied the property since 2006, describe the possible options available to your client to regularise the planning situation. **(3 marks)**
- (c) If you, on behalf of your client, immediately apply to remove the agricultural occupancy condition to authorise the occupation of the property by the existing tenant, what might you have reference to and what would need to be satisfied in order to achieve planning consent? **(7 marks)**

(Total 15 marks)

Question 4

The single storey former cottage (building 5 on Plan 2) is owned by your client and is currently vacant and falling into disrepair. The building is not Listed. Your client has an existing holiday cottage on the holding (Clock Farm Cottage; part of the main house) and due to its success and the high levels of occupancy, is giving consideration to expanding that side of the business by renovating this former cottage into a second holiday cottage. Please advise your client on the following, making appropriate assumptions where required:

- (a) List the external repairs and replacements that would be required, giving reasoning where appropriate **(2 marks)**
- (b) The practical issues that should be considered in relation to its use as a holiday cottage. **(3 marks)**
- (c) The legislative and regulatory considerations in relation to its renovation and use as a holiday cottage. **(3 marks)**
- (d) Any tax implications that may be relevant if its use is that of a holiday cottage. **(4 marks)**
- (e) Briefly comment on how you would assess whether it is a financially viable proposal. **(3 marks)**

Do not enter the building.

(Total 15 marks)

Question 5

Clock Farm as shown outlined red on Plan 1, but excluding The Oaks, is being offered to let on a 10 Year Farm Business Tenancy from 1 January 2018, with an ingoing tenant right payment for arable fields only.

Your client, a local farmer, has instructed you to advise on a rental tender.

- (a) Outline in bullet point form the information you would expect to be provided by the letting agent to a prospective tenant. **(4 marks)**
- (b) Identify in note form the main items within the proposed tenancy agreement (assume CAAV template FBT) which you would like to draw to your client's attention. **(4 marks)**
- (c) In note form identify what financial information you would expect to provide to support the tender and include a proposed cropping rotation with indicative Gross Margins, detailed Gross Margins are not needed for each crop. **(6 marks)**
- (d) Provide an indication of likely rent and anticipated demand to rent the farm. **(1 mark)**

(Total 15 marks)