

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS – EASTERN GROUP

Morning Practical Examination

Wednesday 11th November 2020

At

Home Farm, Wroxham, Norwich, Norfolk, NR12 8ST (Remote)

Guidance for Candidates

Candidates should have read the 2020 Guidelines for Practical and Written Examinations. **All questions in this paper should be answered.**

Time allowed – 3½ hours with an additional half an hour for completion of calculations and final check on notebook answers (**4 hours in total**). A total of 90 marks are available – 85 marks for question answers and 5 marks for presentation.

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

Home Farm is located in Wroxham, known as the capital of the Norfolk Broads, some 8 miles north of the Cathedral City of Norwich and shown for identification purposes only outlined red on Plan 1.

Home Farm, which forms part of a wider owner occupied Estate, comprises a range of farm buildings, a pair of semi-detached cottages, the new farm office, a local football club and land extending to approximately 127 hectares (315 acres).

The land is capable of being irrigated from a nearby reservoir via an underground ring main. Typical cropping includes wheat, barley, sugar beet, oil seed rape and potatoes with carrots by licence.

Home Farm is farmed in hand by the owner, Mr Nelson (aged 59). His son, Horatio (aged 32), has recently returned from a prolonged period abroad and he intends to succeed his father with the running of the Estate.

However, Horatio's first focus is on Home Farm which came back in hand three years ago following the expiration of a short term Farm Business Tenancy.

You act for the Nelson family.

QUESTION 1

- a) Assume in Barn A (labelled on Plan 2) that there are two heaps numbered 1 and 2, each measuring 8 metres wide, 15 metres deep (at the base) and 3 metres high. Assume the slope is 45 degrees and measures 3 metres at the base. Each commodity was harvested in 2020.
- i) Identify each commodity in the sample bags labelled heap 1 and heap 2 in the photographs provided. (1 mark)
 - ii) Provide a tonnage and value for heap 1 and for heap 2 as at today's date, showing your calculations. Please state any assumptions that you have made. (6 marks)
 - iii) Provide a value as at today's date for red diesel on a £/litre basis. (1 mark)
 - iv) Provide a value as at today's date for wheat straw on a £/t basis, delivered. (1 mark)
- b) 3 items of machinery are shown in the photographs provided labelled 3, 4 and 5.

For item 3, assume 2200 hours.

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. (6 marks)

QUESTION 2

Field A is shown in the photographs provided. Assume Field A has a gross area of 12.00 Ha.

- a) Identify the crop in Field A.
- Provide the average yield for the crop considering the land and soil type, described on a per hectare basis (1 mark)
- b) Provide a valuation for stock taking purposes as at today's date showing your calculations and assumptions (4 marks)
- c) Field B is shown in the photographs provided. Identify the crop in Field B

Provide a gross margin on a per hectare basis for the crop to Harvest 2021 showing your calculations and assumptions (4 marks)

d) Field C is shown in the photographs provided. Identify the crop in Field C

Provide two reasons why this crop might be used in the rotation (1 mark)

e) Livestock are kept in Field D as shown in the photographs provided. Describe and provide the current market value of the livestock in Field D (2 marks)

Assume: age of 18-20 months and 7 animals

f) Provide four Cross Compliance measures which farmers must adhere to if they are a keeper of beef cattle (2 marks)

g) Provide the market price as at today's date per tonne of 2020 harvested baled Barley Straw (0.5 mark)

h) Provide the market price as at today's date per tonne of Prilled Nitrogen Fertiliser (0.5 mark)

QUESTION 3

Horatio would like to employ a Farm Manager to support him with the management of the Estate. He is considering his options for securing planning permission to accommodate the proposed manager on site.

a) Explain the various planning routes that might help Horatio provide accommodation for the proposed farm manager? (2 marks)

b) In planning terms, are there any disadvantages to the options you propose in part a) above? (2 marks)

c) Horatio has decided that he would like to convert Building B (see Plan 2) into a dwelling using Permitted Development rights. Using bullet points, outline the steps of the planning process including timescales where appropriate, along with any other considerations which should be discussed before making an application. (10 marks)

d) If the application is refused, what are Horatio's options and are there any time considerations involved? (1 mark)

QUESTION 4

You will be shown photographs of a building marked "A" on Plan 2.

Assume the building measures 36m x 24m, and the fan house measures 6m x 6m.

Your client wants to ensure that all buildings are adequately insured and has asked you to provide an estimate for insurance purposes of Building A.

- a) Provide a description of the building. (3 marks)

- b) Provide a valuation of the building for insurance purposes. You should show all calculations and assumptions. (5 marks)

- c) List four standard perils against which the building should be insured. (2 marks)

QUESTION 5

- a) Mr Nelson no longer feels able to manage the Home Farm shoot and would like to let the shooting rights. Horatio has a friend who is interested in taking on the shoot for the next 2 years.

You have been asked to prepare Heads of Terms for a new licence. Using bullet points list the terms you would expect to include with a brief note on each. (10 marks)

- b) Notwithstanding the shoot, Mr Nelson is concerned about access over the farm, and wider estate, from third parties and his associated liability. Using bullet points, identify the relevant legislation related to these concerns and outline his duty of care to third parties. (4 marks)

- c) Which key protection would you recommend Mr Nelson has in place to ensure he has appropriate cover for any compensation claim arising as a result of an accident at Home Farm. (1 mark)

QUESTION 6

3 Home Farm Cottages is occupied by a former farm employee, Ted Smith and his wife Lesley. Ted commenced his employment and moved into the cottage in 1984 and retired (ceased employment) in 2015 and has never paid rent.

Horatio has asked for your advice on the existing occupation.

- a) Does a tenancy exist and if so, under what legislation is Mr & Mrs Smith's occupation governed by? (1 mark)
- b) If Mr & Mrs Smith's occupation had commenced after 15th January 1989, what legislation would this have fallen under? (1 mark)
- c) Can Mr Nelson charge Mr & Mrs Smith rent and if so, what is the process for doing so? (2 marks)
- d) How is the rent calculated and how often can it be reviewed? (2 marks)

Assume 4 Home Farm Cottages has recently become vacant and is no longer required to house an agricultural worker. Horatio is keen to maximise income from letting the property on the open market. The accommodation includes 2 reception rooms, three bedrooms and one bathroom. The condition is relatively basic.

- e) What factors, including legal requirements and other measures of good practice should Horatio consider in respect a potential future letting? (6 marks)
- f) What type of tenancy would you recommend is used and what information must the Landlord provide to the Tenant at the commencement of the tenancy to ensure that a valid notice can be served to terminate the tenancy, if required? (3 marks)

END OF PAPER