

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS



NATIONAL WRITTEN EXAMINATION

PAPER I

12 NOVEMBER 2015

9.00am – 10.30am

Time Allowed – 1½ Hours

Instructions to Candidates:

1. Complete the Green Examination Information Sheet by stating your examination candidate number (not your name) together with the area in which you are practising and the local Association of which you are a member. Attach the green sheet to the top of your answer pad and ring the numbers of the two questions that you have answered.
2. Write your candidate number, the number of the question and the page number in the top right hand corner of each page.
3. Write on one side of the paper only, leaving the margin on the left- hand side.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Time has been allowed for you to read through the Question Paper and plan your answers.
6. You should attempt to answer **two** out of the three questions, ringing their numbers on the green sheet. Where relevant state whether you are answering for England, Wales or Scotland.
7. All questions carry equal marks: 20 each.
8. Questions are framed so as to minimise the need to make assumptions but state clearly any that you do make and the reasons for them.
9. Where appropriate, you will be expected to state the relevant Act, Statutory Instrument or case upon which you have based your answers.
10. You may use imperial or metric measurements in your answers. Please indicate which units you are using.
11. The presentation and clarity of your answers is important.

Question 1

This question has eight parts, (A) to (H). Please answer only **five** of them. Each carries an equal four marks.

- (A)** Provide brief details on the three greening rules and the exemptions that apply under the new CAP regime.
- (B)** For compulsory purchase:
- i) What is the principle of equivalence as a measure of claim? *(1 mark)*
 - ii) Give a list of Heads of Claim. *(1 mark)*
 - iii) What is a Notice to Treat? *(1 mark)*
 - iv) What is meant by the term Blight in the context of a Compulsory Purchase Scheme? *(1 mark)*
- (C)**
- i) What does A.T.E.D. stand for? *(1 mark)*
 - ii) To what properties does ATED apply now? And from April 2016? *(1 mark)*
 - iii) Give examples of circumstances when a property would be exempt or have relief from ATED. *(2 marks)*
- (D)** The owner of an equipped farm with a house and buildings has opted tax for VAT in respect of the farm.
- i) Why might an owner have opted? *(1 mark)*
 - ii) What effect does the VAT liability have on the sale? *(1 mark)*
 - iii) What practical implications arise for a buyer and how can the tax impact offset or minimised? *(2 marks)*
- (E)** For a tenancy under the Agricultural Holding Act 1986 (in Scotland the Agricultural Holdings (Scotland) Act 1991):
- i) What sections of the Act provide for the landlord's claims at the end of the tenancy? *(1 mark)*
 - ii) What can a landlord make a claim for? *(1 mark)*
 - iii) What notice provision under what section is a pre-condition of any claim? *(1 mark)*
 - iv) What is the measure of a claim? Can it be capped? *(1 mark)*

(F) When acting for a tenant of farmland being crossed by the proposed route of a public utility water pipe:

- i) What is the likely nature and physical extent of the right that will be granted by the landlord?
- ii) Will compensation cover rent on the area affected by the works and following their completion?
- iii) Would you advise leaving land uncropped in advance?
- iv) What is the likely basis for the claimant's agent's fees?

(G) Your client owns a mixed farm of 1,500 acres with a large farmhouse, three cottages (two let on AST's and one occupied by a farm worker), some farm buildings and areas of grass and woodland, both in managed softwood plantations and in spinneys and shelter belts. The farm is largely in hand but approximately 20 acres of grass is let for horses around the house.

- i) Which Act provides for BPR and what is it? *(1 mark)*
- ii) What assets qualify for BPR? *(1 mark)*
- iii) Give elements of your client's property that are unlikely in themselves to qualify for BPR. *(2 marks)*

(H) i) Why would an Employer adopt a Lone Working Policy and to whom would it apply?

(1 mark)

ii) Does an Employee have any responsibilities in this regard and, if so, what are they?

(1 mark)

iii) Give some examples of how an employer can control risk. *(2 marks)*

Question 2

Your client is the tenant of a 25 hectare holding, let to him in 1985, with a farmhouse, small range of dairy farm buildings and a detached two bedroom cottage. The cottage used to be occupied by your client's father but for the last three years has been let to a local primary school teacher.

The rent is due for review on 28th November 2015 and although you have not seen it yet, the tenant has told you that he received a notice in autumn 2014 from his landlord's agent.

Provide **briefing notes** for a meeting that you will conduct with the tenant to advise him on:

- the process to be followed and what might be done if the rent is not agreed. *(5 marks)*
- the basis on which the rent is to be reviewed *(5 marks)*
- the factors to be taken into account *(8 marks)*

18 marks in total

Give two brief examples of circumstances in which your firm may not have been able to accept instructions to act.

2 marks

Question 3

It is Friday afternoon and you are the only person in the office when a call comes in from Honest John the banker who needs a formal valuation of his client's estate for security purposes by a week next Thursday.

The property, in the next county, is a total of 1,500 acres with a farmhouse, farm buildings, a let cottage, 1,200 acres of pasture and arable land farmed in-hand and 300 acres of bare arable land let out on a fully secure agricultural tenancy.

Mr John has a copy of the most recent schedule of livestock and machinery, including HP agreements on two tractors, and he will e-mail this to your office.

Your colleague who usually does valuations is presently on holiday for 2 weeks, but you have agreed to do the valuation and agree to take this job forward.

- a) What are the key points to cover in your letter of instruction/ terms of engagement?
- b) What paperwork would you want to collect or take copies of when you visit?
- c) What assets would you want to inspect during your visit to the property and which would be excluded?
- d) After describing the specific property assets, what more general headings might you expect to cover in the remainder of your report?
- e) Are there any instances where you might have to decline the instruction or act differently from merely putting your standard letter of instruction in the post?

20 marks in total

