

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS



NATIONAL WRITTEN EXAMINATION

PAPER II

12 NOVEMBER 2015

10.45am – 12.45pm

Time Allowed – 2 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 **three** 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 **three** out of the six 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

Your client, Mr Seller, owns some traditional stone and slate farm buildings which have frontage onto the village high street. Next to the farm buildings is a two acre paddock with a pedestrian gateway and a 50 metre frontage onto the high street, but most of this field lies to the rear of the buildings. The whole farm lies within the “village envelope” on the local development plan, but the field has no specific zoning at present. The buildings are too small for modern agricultural use, although they have been used up to now for farm storage, and the site is at the very edge of your client’s farm. Planning permission for four residential units has been obtained on the buildings and mains services, with capacity available, are located in the High Street next to the property.

Your client is considering the sale of the buildings and paddock.

- A. What options does your client have to maximise the value of the buildings and paddock?
- B. If the sale proceeded under the current circumstances, how could your client receive further monies if the paddock is developed in the future? Would taking such steps have an effect on the value of his interest in the property?
- C. The solicitor mentions *Stokes v Cambridge Corporation* – summarise an explanation of this for your client, with an example based on the current scenario.
- D. In what circumstances might going to auction be appropriate and what would need to be confirmed and/or provided to pursue that route?

(20 marks)

Question 2

An 8 acre field in a built-up area on the edge of town is jointly owned by three people Your client has a one-sixth undivided share in the field.

The three joint owners have signed an option with a developer on the 2 acres which front the main road, with the remaining 6 acres being ear-marked to donate to the local council for public/community use and benefit. The land lies within an area designated as a preferred site for residential development.

You have been asked to provide a valuation for Capital Gains Tax purposes of your client’s one-sixth share. Please set out with **explanatory notes** for the benefit of your instructing solicitor:

- a) The considerations relevant to the valuation and the approach you would take (10 marks)
- b) The methodology of the valuation itself (10 marks)

Question 3

Albert Giles died two weeks ago. He was tenant of a 200 hectare arable and stock farm in your area. His tenancy began in 1962. His son John Giles has asked you to advise him on whether and how he might succeed to the tenancy.

John has worked on the farm for the last 10 years as an employee of his father. John owns and lives on a nearby 20 hectare farm which he owns and runs himself during evenings and weekends with the help of his wife. They milk a small herd of cows.

Write **briefing notes** for John on:

- a) his potential qualification for succession *(10 marks)*
- b) the procedure that must be followed for him to achieve succession with any steps the landlord may take to challenge it. *(10 marks)*

Question 4

You act for the owner of a large rural estate who has recently been approached by an events company. They would like to hold a mass participation outdoor obstacle race (as part of a series around the UK) and expect some 5,000 participants. Having not been involved in such an event before, you have sought advice from colleagues with relevant experience within your firm. They helpfully flagged the list of important matters for you as estate manager to consider.

- a) You have agreed in principle a deal with the events company for this event, and there is a Trustees' meeting in two weeks' time. **Summarise** the key Heads of Terms and the approach to the income for the Trustees so that they can ratify the proposal for you at the meeting *(13 marks)*
- b) There is also a monthly estate management meeting looming at which all heads of department will be present. To prepare for the meeting, write **notes** for yourself on the wider issues to bring to the attention of estate staff (those at the meeting will include the head gamekeeper, the clerk of works, the farm manager, the head forester and house manager) *(7 marks)*

Question 5

Your client is an owner occupier of a large mixed enterprise farm. A proposal for a wind farm now looks as though it might come to fruition. The developer's plans propose that three 1 MW turbines will be erected on your client's land. Wind speed monitoring and all other screening tests have been concluded, and the developer now wants to proceed to the next stage.

- a) For a client meeting, write **notes** for yourself about:
- i) what agreements would be likely to be required and how you would approach achieving them (3 marks)
 - ii) the key heads of terms you would wish to see in:
 - o the option (4 marks)
 - o the lease (4 marks)
 - iii) a guide to the financial returns your client might expect to receive from each stage (3 marks)
- b) Your client's brother, for whom you act on an occasional basis, owns the adjoining farm. The land is let out on a long FBT (LDT in Scotland). The wind farm developer wishes the power export cable to run over the brother's farm (no turbines are proposed on the brother's land) as the only alternative grid connection point involves a much longer distance. A meeting is in the diary with your client's brother.

Write **notes** for this meeting of the key matters you wish to bring to his attention. (6 marks)

Question 6

An existing client has asked you to advise him about the arrangements for three cottages he has on his farm.

Cottage No. 1 is vacant and your client wants to house a new shepherd in the cottage. Your client proposes deducting a modest rent from his wages.

Cottage No. 2 has been lived in rent free for thirty years by a tractor driver who retired ten years ago. He has now died and his widow would like to remain in the house.

Cottage No. 3 was let "informally" to a family friend five years ago at a rent of £100 per month. Your client now wishes to enter into a new agreement, hold a deposit and charge a commercial rent.

Set out in **point form** your advice for each cottage:

- i) explaining the basis on which each cottage would be occupied in the future
- ii) explaining your client's repairing liability for the cottages in the future
- iii) advising on any statutory and regulatory requirements that your client will need to meet in connection with the lettings

15 marks (5 marks for each cottage)

Explain briefly how the landlord could charge a rent for Cottage No 2 (2 marks)

Explain briefly what has to be done to secure the new agreement for Cottage No 3 (3 marks)