

# **Central Association of Agricultural Valuers Written Examinations 10<sup>th</sup> November 2005 Examiners' Comments**

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# **Central Association of Agricultural Valuers**

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### **Examiners' Comments**

#### **Paper 1 Question 1**

This was sat by 71 candidates, of which 50 (70%) reached the pass mark on this individual paper. This was a question on which it would have been relatively easy to score nearly full marks. Most candidates had a very good idea of the sort of information that would be requested from a client/solicitor in order to carry out such a valuation and most picked up on the point that the question did not make it clear whether you were valuing just the freehold or whether you would also be valuing the business. Candidates were not penalised either way. However, some answers to the second part of this question did lead me to believe some Valuers hardly expected to visit the farm, such was the extent and detail of the information they expected the client/solicitor to be able to provide. There does have to be some element of information gathering by the Valuer!

Most candidates understood the importance of confirming the terms of engagement – not least of all because the question asked for this! However, unfortunately not all candidates recognised the need to confirm such matters as the Valuer's experience, confidentiality rules, and confirmation of basis of valuation. Most candidates realised the significance of identifying for whom the valuation was to be carried out i.e. was it for one of the disputing parties or was this a joint instruction. Interestingly, quite a few candidates asked the instructing solicitor to confirm the purpose of the valuation. In setting the question it was assumed that candidates would realise that this was for a divorce situation, but in the light of some of the answers, it does lead me to realise in fact, that it could have been for a pre-nuptial agreement – how times move on!

Generally, this question was reasonably well answered as shown by the pass marks. However, this did mean that because it was a relatively easy question to gain full marks, those candidates who demonstrated they simply did not know the basis of the formal terms of engagement letter did not pass.

As a general comment, this is the type of question where most candidates should have been able to answer based simply on their knowledge of their office procedures and also a fundamental understanding of the RICS red book. It did not require any complex valuation information, but it did require some thought in to how the formal terms of engagement were set out, how the request for confirmation of those terms was dealt with and the type of information required for this sort of valuation.

In summary, the question was generally well answered but it should have been, bearing in mind the nature of the question.

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## **Paper 1 Question 2**

This question asked for hand-out notes on the definition of a number of phrases used in Compulsory Purchase and Compensation Procedure. It attracted a lot of interest from candidates with over 75% of entrants attempting the question. It required a “textbook” answer. However, most candidates failed to differentiate between the client’s interests both as an owner-occupier and as an agricultural tenant.

Many papers were confused with the difference between Injurious Affection and a Disturbance Claim and there were several different versions of Farm and Home Loss payments. The majority (60%) of candidates achieved a pass mark but only by a small margin. Several started well with the requisite instruction of ‘notes’ but deteriorated into a long-winded essay and report. Invariably, this illustrated a lack of precise and detailed knowledge.

The good answers would have referred to the main legislation governing compulsory purchase procedure and the basis of valuation for compensation. A comment on the revised scheme for farm and home loss payments under the 2004 Act would have been marked up and certainly a reference to the different heads of claim by a 1986 Act tenant compared with an owner-occupier would have achieved added marks.

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### **Examiners' Comments**

#### **Paper 1 Question 3**

Most examinees showed that they had grasped the very basic principles of Agricultural Property Relief and Antrobus 2 but they were still very confused as to its application.

Too many examinees (as ever) failed to read the question with care and proceeded to give an answer that included a Farm Business Tenancy as the way forward when it was clear that Mr Branton wished to be “a farmer”.

Whilst examinees had experience of Contracting Agreements, few I believe had taken the time or trouble to properly understand their operation and the figures within the “basic” budget that was requested were often badly awry. A little time in advance of the examination considering the figures within a Costings book would have helped considerably.

The 81 hectares of pasture land merely sort the use of an Herbage Agreement/ Profit `a Prendre Agreement which most people understood, although again they did not stress in certain cases that the grazier was that and that alone. Whilst many therefore answered the question “satisfactorily” by achieving or nearly achieving a pass mark, I felt that for many this was a subject that they should know well and yet few excelled. The basic structuring of examinees answers was again poor, as was the layout of the “letter” requested and few therefore managed to gain easy marks. It must be remembered that what was being provided was a letter to an important and busy client who would not wish to read it many times to try and extract the information that he required.

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## **Paper 2 Question 1**

This was a very popular question indeed.

Most candidates had a fairly solid understanding of the tax issues involved but a number failed to apply their knowledge in a practical and logical manner.

A number of candidates mixed up the Special Commissioners' decision in Antrobus 1 with that of the Land Tribunal Decision in Antrobus 2.

Very few mentioned the Special Commissioners' decision in Higginson, around which part of the question was based and the effect that the fishing lake had on the holding. Most candidates considered the occupation of the cottages fully and made appropriate assumptions.

It was interesting to note that examinees who had planned their answers with initial notes fared better than those who appeared to launch straight into the question. Candidates are encouraged to read the question carefully and answer each part fully.

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### **Examiners' Comments**

#### **Paper 2 Question 2**

This question requested a letter in three parts:- a comment or view on the prospect of future development, planning procedures and heads of terms for an Option agreement. They all carried equal marks. Invariably, candidates answered two parts well but failed on the remaining aspect which resulted in a number of 'below-pass' marks. A letter was asked for but several answers were in note form. Only one candidate managed to explain that his letter would be set out in note form for the client's benefit!

Most referred in detail to the Listed Building and Conservation Area status but sometimes failed to mention other important planning issues such as access, services, suitability and design etc. A comment on the possible impact of capital taxation considerations would have gained a mark or two.

A good answer would have included a reference to investigating the Structure and Local Plans and initial discussions with the local planning officers together with the application itself, timescales and the possibility of an appeal should the first stage be unsuccessful. Only a few candidates had appreciated the change in legislation in 2004 and what impact this may have on planning procedures, albeit in the medium to longer term. On the whole, the heads of terms for an Option Agreement was well-researched and gained marks.

Overall, the question was reasonably well answered but there was still scope for providing more information and detail. In a few cases, this was severely lacking and resulted in extended and unnecessary verbiage.

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## **Paper 2 Question 3**

This was sat by 51 candidates, of which 33 (65%) reached the pass mark on this individual paper. This question was also a gift of a question. It required little complex knowledge but it definitely required understanding of general office procedures, which effect everybody's everyday working life. The PII part of the question was, in terms of a procedures manual, was not particularly dealt with well as many candidates failed to recognise the significance of reporting a potential claim to the Insurers or at least to their Principle, whom should make a further report to the Insurers. Bearing in mind this was for a procedure manual, candidates did not always comment on the need to follow the firm's set procedures, which are often a condition of the cover, or to follow RICS rules and guidelines to minimise risk that any claim is not covered by the Insurance. Most candidates recognised the need to ensure that work carried out fell within the PII cover.

One candidate gleefully stated that the employees paid the premiums. If that is the case for that candidate, my sympathies go to them!

The clients' complaint procedure received average standard answers, as candidates did not always state the procedure to be followed when a complaint was made. Some candidates went further and commented on the need for files to be kept in order and notes of all conversations to be retained.

Not unsurprisingly, all candidates had a good idea of what to put in an employment contract. However, candidates who used a sensible approach of bullet points and listed these points in some logical sequence did score an extra mark. Similar comments apply to Health & Safety policy but quite a few candidates missed the important issue of nominating First Aid Officers, location of first aid book, the accident book, having somebody responsible for fire safety, fire exit routes, etc. All the practical issues! Quite a few candidates obviously picked up from their own line of work that certain aspects of our daily life are more dangerous than others, such as holding auction sales.

Money Laundering and Client Money Procedures answers were generally average. Definitely not all candidates recognised the importance of reporting any suspicious activity to the Money Laundering Officer within the firm, for whom it is their responsibility to report to NCIS. Not all candidates could remember the cash limit and unfortunately, many candidates forgot by this stage in the question, to present their answer in the form of points for a procedures manual i.e. the procedure to be adopted.

The same comments apply generally to client's money although most candidates recognised the need for a separate account and in fact it should not be overdrawn.

This question was generally well answered as shown by the pass rate. This was a question where candidates should have been able to achieve nearly full marks, which would have assisted in their overall mark for the exam. It did need to be answered by candidates by assuming they had a responsibility within an office – relative to the qualifications and high status aspired to! Those candidates who decided to ignore the opportunity to write bullet point notes definitely did not help themselves by producing pages of intense scribbles!

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## **Paper 2 Question 4**

The intention of the question was simply to test the theoretical knowledge of the candidate as to

- i. Statutory authority
- ii. Procedures
- iii. Time limits

The best candidates dealt with each act separately in an ordered planned manner and some dealt with it by means of a comparative table which was acceptable.

The question called for the answer to the first part in note form; too many candidates gave full essay type answers.

Short concise comparative notes for each act was all that was required.

Part Two required consideration of a very real situation likely to be encountered in real life. The questions were asked in a logical sequence to help the candidates. Successful candidates took advantage of this guidance with the sub questions by considering: -

1. The relative positions and claims/negotiating strengths and stances
2. The need for without prejudice negotiations at an early stage before the servicing of notices.
3. Ensuring the likely result and agreement was both full and legally watertight against further potential claims.

It was clear, candidates did not plan out their answers in note form. In most cases a precaution, which would have helped in the answering of any question, but most certainly this question, where a structured answer was a prime requirement.

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## **Paper 2 Question 5**

In planning the answer, the examiners were looking for a basic understanding of the changes, which have occurred in the method of assessing compensation within a management agreement following the introduction of the Crow Act 2000 and DETR rules. The answer did not call for recommendations, though some candidates did make them.

The second part of the answer again after consideration of the principle in the first part of the answer, was aimed at what is and will be an increasing and very real situation. The primary point being to ensure the optimum/most remunerative option for your client, even to the extent of attempting to enter the Higher Level Stewardship Scheme, on all land accepting enhancement of prescriptions from English Nature if more worthwhile.

Whilst knowledge of the basics of the Higher Level Stewardship Scheme was an advantage the question required a degree of application to your client's situation to achieve the best marks.

Few candidates answered the bullet point in such a way as to address the options and likely concerns of the client.