

**THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS  
SCOTTISH GROUP**

**PRACTICAL EXAMINATION**

WEDNESDAY 9<sup>th</sup> NOVEMBER 2016

West Binny Farm  
Dechmont  
EH52 6NB

BY KIND PERMISSION OF GRAHAM RUSSELL ESQ

ALL CANDIDATES WILL HAVE READ THE CENTRAL ASSOCIATION OF  
AGRICULTURAL VALUERS 2016 PUBLICATION  
*'Guidelines for the Practical and Written Examinations and the Interview'*

Candidates should particularly note:

1. Notebooks, question papers and CAAV publications for both morning and afternoon sessions of the practical examination will be handed to each Candidate at the initial briefing. **All answers, calculations and any assumptions must be properly recorded in the notebook.** This examination paper comprises questions plus plans. Additional paper has been supplied separately.
2. Whilst undertaking their valuations and inspections, Candidates must take note of the general characteristics of the holding, as these may be of relevance to the afternoon session and to the interview (with the item for interview being shown on the plan). All notes for the interview should be made on the additional paper provided. **All written notes regarding the Interview subject must be handed in at the end of the morning Practical with the Valuation books. The notes will be redistributed at the start of the Interview.**
3. Candidates should answer all questions during the morning session in the notebooks provided. **Examiners will look for an orderly format to the notebook and marks will be awarded for the Candidate's approach in the fieldwork and for the presentation of the notebook.** Candidates will not be marked down for their choice of format, providing it is clear and logical.
4. **Half an hour** will be allowed before the end of the morning's examination for the completion of calculations and a final check on answers. The notebooks will then be collected by the Examiners at the end of the morning session. No information will be provided other than that given in the questions. **The Candidate's number and practice area should be written on the top right-hand corner of the front cover of the notebook. Ensure that the pages are numbered.**

5. Please prepare the notebook **including a summary page and index**, using the following information:
  - a) Holding – West Binny Farm
  - b) Client – Graham Russell Esq
6. Where applicable, candidates should show any assumptions which they have made in arriving at their answer(s).
7. Marks are allocated to the questions as shown.
8. Answers can be given in either metric or imperial but should be consistent
9. The total marks for the morning Practical will be **85**, with an additional **5** marks available for the presentation of the notebook.
10. Candidates are under examination conditions and will be supervised throughout the day including lunch.
11. Smoking and the use of mobile phones is strictly prohibited throughout the exam. All mobile phones should be turned off during the examinations.

You will be shown items of live and dead stock. Please provide the information listed below in the notebook. All values should be given as at today's date.

1.

**A.**

Identify, describe, and provide a current auction value for four out of the five items marked

**A**  
**B**  
**C**  
**D**  
**E**

**(8 marks)**

**B.**

Identify, describe, and provide total valuations of the produce/commodities marked on an ex-farm current market value basis.

**F**  
**G**  
**H**  
**I**  
**J**

**(10 marks)**

2.

**A**

Describe and give current market value for the pen of homebred non-pedigree cattle. What would be the value if the cattle were being valued for accounting stocktaking purposes ?

**(3 marks)**

**B**

Describe and give a current market value for the pen of purchased non-pedigree sheep, and again state the value if the sheep were being valued for accounting stocktaking purposes

**(3 marks)**

**C**

Describe and value as at today's date the growing crop in the field shown, which has a gross area of 4.70 hectares (11.61 acres), making an assumption that there are no uncropped areas. Show your workings and any further comments or assumptions for an outgoing tenant under an Agricultural Holdings 1991 Act tenancy.

**(6 marks)**

3. The structure pointed out was constructed by the tenant in 2004, and he wishes to obtain compensation for it at the termination of his 1991 Act tenancy. When it was constructed, the tenant obtained a 40% grant, but received no contribution from the landlord.

- a) What action should the tenant have taken in order to ensure he obtained compensation? If he has not taken this action, what other option might he have? **(3 marks)**
- b) What is the basis of valuation? **(1 mark)**
- c) Assess the value of the structure, setting out any calculations and assumptions **(4 marks)**
- d) Who is responsible for its maintenance? Who is responsible for its repair? **(2 marks)**
- e) There is a clause in the lease which states that the landlord is obliged to take over the contents at valuation. Explain the general procedure you would adopt to value the contents, and what allowance you might need to make. What is the procedure for making a claim to the landlord? **(4 marks)**
- f) If regulations changed such that the structure no longer complied with them, who would be responsible for its compliance? **(1 mark)**

4. Part of your client's tenancy includes the reservoir marked on the plan, including all of the banks, and which extends to 2.94 acres. There is no need for you to closely inspect the reservoir, all of the information you need is within sight at the top of the hill.

- 1. What activities might you recommend? **(2 marks)**
- 2. What financial considerations would need to be accounted for, to assess the viability of the activity or activities? **(5 marks)**
- 3. What practical features and issues would need to be addressed? **(8 marks)**

**5. For the purposes of this question, assume that your client owns the farm.**

Your client has been considering retirement. He does not wish to sell the farm but none of his family is interested in taking on the business. He has been approached by a neighbour's son who has indicated that he would be interested in adapting the building shown, to accommodate a dairy herd. He would require appropriate additional buildings and sufficient land to provide grazing and fodder.

Your client is interested in this proposal and has asked you to advise as follows:

- a. What kind of arrangements might be appropriate? **(2 marks)**
- b. Summarise the main features of the two most appropriate arrangements. **(8 marks)**
- c. What risks would you need to consider? **(5 marks)**

**6. For the purposes of this question, assume that your client owns the farm.**

The public road adjacent to the farm is used as a commuter rat-run. Especially in winter, this has led to a number of incidents, and as such, the local authority have asked your client if they can buy a 5 m wide strip of land from him, for a distance of some 510 m on the west side of the road, in order to improve safety.

- a) Your client is unwilling to do this, and has asked for your advice on his options. What are they? **(2 marks)**
- b) If the land is acquired compulsorily, what heads of claim might he have? **(3 marks)**
- c) What accommodation works might be appropriate? **(3 marks)**
- d) Give the two bases of fees normally used on works such as this? **(2 marks)**

## **AFTERNOON PAPER (60 marks)**

**Please answer four out of the five questions, each is worth 15 marks.**

### **Question 1**

At the end of your client's 1991 Act tenancy, the landlord wishes to make a statutory dilapidations claim in relation to the condition of the silage pit (which was part of the fixed equipment provided by him). There is no post-lease agreement in place.

- a. What condition (or conditions) would have to be fulfilled before the landlord could do this, and under which section (or sections) of the legislation? **(4 marks)**
- b. What should the amount of compensation claimed by the landlord specifically reflect? **(2 marks)**
- c. What potential defence would your client have to any or all of the items pointed out as being dilapidations? **(2 marks)**
- d. What difference might there have been if a post-lease agreement were in place? **(2 marks)**
- e. How might the position change if the lease had been a Limited Duration Tenancy or a Short Limited Duration Tenancy? **(2 marks)**
- f. What notice period does the landlord need to observe, in order to make a claim for the dilapidation? **(1 mark)**
- g. If the tenant had provided the silage pit, and it had required replacement or renewal during the currency of the tenancy, what is the position regarding responsibility for doing so? **(2 marks)**

### **Question 2**

**For the purposes of this question, assume that your client owns the farm.**

A neighbour of your client has obtained planning permission for two 350 kw wind turbines. In order to connect the electricity generated to the national grid system, the only place he can do so on your client's land. He has offered your client the standard wayleave payment for doing this, plus a payment for compensation for the crop loss, and £1000 as a thank you gesture.

- a. On what other basis might the level of payment be made? **(2 marks)**
- b. List the matters which should be addressed in any agreement to be made between the landowner and the neighbour **(10 marks)**

- c. Who will be liable for your fees, and on what basis should these be calculated?  
(1 mark)
- d. In the event that no deal can be reached, what legal recourse does the neighbour have in regard to legislation?  
(2 marks)

### Question 3

**For the purposes of this question, assume that your client owns the farm.**

The modern four-bedroom bungalow next door was bought by the two-partner business in 1991, and is now being considered for sale because it has been occupied by a farm worker who has now bought his own house in the local village. The cottage was bought for £65,000 in 1991, and £20,000 was spent in 2012 in replacing the windows and installing a new central heating system.

- a. What is the main tax potentially involved in selling, at what rates, and what reliefs (if any) might be appropriate?  
(4 marks)
- b. Assuming the current value of the cottage is £270,000, and that the taxable income of the business is predicted to be £68,000, calculate the taxation liability of the sale  
(7 marks)
- c. The business is considering whether the proceeds should be devoted to buying land nearby, or to the construction of a new shed on the existing holding. What do you understand about potential reliefs in this case?  
(4 marks)

### Question 4

The farmhouse has become vacant, and is no longer subject to any tenancy. Your client has instructed you to let it out on a Short Assured Tenancy.

- (a) What does “Landlord Registration” mean in this context?  
(1 mark)
- (b) What documents should your client request from an applicant for the tenancy, before he decides to grant a tenancy?  
(3 marks)
- (c) Before the tenancy begins, what documents must the landlord give to the tenant? Name four of them.  
(4 marks)
- (d) Your client asks you to include a clause in the tenancy making the tenant responsible for paying the landlord’s expenses in setting up the tenancy and preparing the agreement. What advice would you give on this?  
(1 mark)
- (e) Your client wants to charge the tenant a deposit. Outline the arrangements that would need to be made for collection and repayment.  
(3 marks)

- (f) Using bullet points only, explain the main aspects to be considered when deciding whether a landlord is meeting the “Repairing Standard”. **(3 marks)**

### **Question 5**

Your client wishes to build a new shed on the farm measuring 100ft x 40ft. The purpose of the shed is for use as horse livery. He has heard that agricultural buildings do not require planning consent, has asked you for advice, and has asked you to attend a meeting to discuss with him and his daughter. Please answer in note form ready for the meeting. The farm is 15km from Edinburgh airport.

- a. Outline the planning position, and whether the proposal will require a planning application.
- b. What steps are likely to be required to achieve a successful planning outcome.
- c. Outline what the likely costs will be
- d. Are there any other consents required?
- e. What is the rating position with regards the livery?