**CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS**



**NATIONAL WRITTEN EXAMINATION**

**PAPER I**

**10TH NOVEMBER 2022**

**9.00am – 10.35am**

**Time Allowed – 1 Hour and 35 Minutes**

**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 four questions, ringing their numbers on the green sheet. Where relevant state whether you are answering for England, Wales, Scotland or Northern Ireland.
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.

The presentation and clarity of your answers is important.

**QUESTION 1**

**Answer 5 of the 8 parts to this question**

**Each part carries 4 marks with a total of 20 marks on this Question.**

1. What is a restrictive covenant (Scotland – a restrictive burden)? With an example, how should it be documented and how would you lift one?
2. What are the differences between an electricity wayleave and an electricity easement?
3. How are the Money Laundering Regulations relevant to an agricultural valuer’s practice?
4. Provide advice to your cereal growing client on how to manage market volatility to protect or improve returns?
5. How and why has the price for farm diesel changed over the last 12 months? What are the practical impacts of the current price?
6. What factors govern the life of lime once applied to land? Give an example where this might be valued.
7. In what circumstances should a farm cottage let for holidays be assessed for business rates? How might those rates be relieved?
8. What opportunities are there for receipts from biodiversity on farmland?

**QUESTION 2**

**(With alternative for Northern Ireland)**

Black Hole Farm extends to 480 acres of mainly grade 3 land suitable for grass, maize and wheat with an additional 40 acres comprising 10 acres of small spinneys, 10 acres of peat and 20 acres of banks and scrubland adjoining the small river that flows through the centre of the farm. It is in an NVZ.

It has a four bedroomed farmhouse, a good range of portal framed buildings with cubicles for 300 cows, youngstock and calf rearing, silage capacity of 4,500 tonnes and slurry storage for 120 days.

The farm, which is on a traditional estate, has come up for tender on a 25 Year tenancy and you are instructed to advise and prepare a tender for a prospective tenant aged 40 whose father runs an established dairy and arable business about 10 miles from the holding.

The tenant’s ingoing valuation includes 3,000 tonnes of silage in the clamps and fixtures valued at £150,000.

1. What aspects of the management of the holding might you consider are important to the landlord and how would you address them in your tender. **(8 marks)**
2. How would you approach the calculation of your rent tender so as to be sustainable for the business and specifically how would you address the future of BPS, the uncertainties about the prices of inputs and commodities prices and the availability of labour. *Note – detailed gross margins are not required* **(10 marks)**
3. What might you offer the landlord as additional security behind your tender**. (2 marks)**

**Alternative for Northern Ireland**

The present farmer of Black Hole Farm (physical facts as above) is planning to retire and, while keeping the land, give his nephew the opportunity to take on the business on an arm’s length basis. The nephew’s father runs an established dairy and beef business about 10 miles from the farm. You are asked to help prepare a draft for the nephew’s business plan for this with an outline of the costs and funds required.

1. What aspects of the management of the holding might you consider are important to the present farmer and how would you address them in your business plan? **(8 marks)**
2. How would you approach the preparation of the business plan so as to be sustainable for the business and specifically how would you address the future of BPS, the uncertainties about the prices of inputs and commodities prices and the availability of labour. *Note - detailed gross margins are not required*. **(10 marks)**
3. What might you offer the present farmer as additional security behind your tender**.**

**(2 marks)**

**QUESTION 3**

Your client is the owner of a 250 acre farm which is subject to a tenancy with 25 years to run. The farm forms part of a wider sporting Estate. The farm comprises a range of modern and traditional farm-buildings located to the centre of the farm together with the farmhouse. To the western edge of the farm there is another outlying range of traditional buildings. The range comprises both a two storey barn and a further single storey barn, both of brick construction under pantile roofs. Access to these buildings is via a 200m farm track which leads directly to the public road, but which also gives access to a number of other fields and woodland on the farm.

Your client is keen to raise capital and is looking at the possibility of selling the outlying range of buildings together with an adjoining paddock extending to 6 acres and is seeking your advice on this possibility.

In preparation for a meeting with the client, prepare notes identifying the key issues that need to be addressed in relation to the following:

1. Obtaining planning permission to facilitate a change of use of the buildings.

**(6 marks)**

1. Securing vacant possession of the buildings and 6 acre paddock.

**(6 marks)**

1. The matters to be considered when instructing a solicitor to prepare a sale contract for the site, with reference to how the owner’s retained interests might be protected and the types of rights that may need to be granted and those that may need to be reserved.

**(8 marks)**

**QUESTION 4**

You have been appointed by the executors of a deceased 78 year old who owned a small farm, having inherited it in 1974. His daughter is not interested in farming.

The property comprises 21 acres of permanent pasture land, a yard with traditional and modern farm buildings and a three bedroom detached house. Some of the buildings are used for commercial storage.

The deceased did not own any livestock but allowed farmers to graze on seasonal grazing licences (tenancies in Scotland and conacre in Northern Ireland). The deceased checked their livestock, limed and sprayed the land and grew vegetables which he sold at a market on one acre of land using a small range of farm machinery.

You have been asked to provide a report and valuation in respect of the property.

1. In a letter to your client, set out the basis of the valuation and your terms of engagement.

 **(6 marks)**

1. Outline the IHT reliefs relevant to this case?  **(8 marks)**
2. In preparing to make your client’s case to HMRC, set out your arguments with the relevant evidence. **(6 marks)**