



**THE WEST MIDLANDS & WALES
EXAMINING BODY
OF THE CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS**

AFTERNOON PAPER

Wednesday 9th November 2022

TIME ALLOWED 2 ½ HOURS

To be answered on the A4 paper provided

Please start each question on a fresh sheet of paper.

Write your CANDIDATE NUMBER ONLY on the top right-hand corner of each sheet of your answer paper

ANSWER FOUR QUESTIONS ONLY OUT OF THE FIVE SET

All Questions carry 15 marks each

No. 9 UTILITIES (15 MARKS)

Your client is the owner occupier of Kings Head Farm and the land surrounding the farmstead.

The electricity distribution company has approached your client about upgrading the lines on the existing overhead infrastructure and your client is keen to relocate the overhead line running through the farmyard, which is a hazard to materials handlers and other farm equipment moving around the yard. The overhead line is shown with a **RED dotted line** between A – B on the plan provided for identification only. Your client provides you with a copy of the annual wayleave relating to the overhead line.

- 9(a) (i) Which legislation governs the powers and duties of companies supplying Electricity? **(1 mark)**
- (ii) Where an electricity company has a power line or existing equipment and apparatus on land what other types of agreement could exist and how do they compare to an annual wayleave? **(5 marks)**
- 9(b) How would you go about relocating the overhead line through the farmstead? **(5 marks)**
- 9(c) Assuming that you are successful in your negotiation, what factors would you consider in selecting an alternative route and the timing of the work needed? **(4 marks)**

No. 10 PART DISPOSAL OF A FIELD (15 MARKS)

The owner of Kings Head Farm has reached out to you following an approach by a neighbouring land owner who owns the land outlined and **hatched RED** on the attached plan. They have inquired as to whether your client would be prepared to sell to them the land **hatched BLUE** on the plan. They plan to combine the two land areas with a view to establishing an equestrian/riding school type facility (subject to any required planning consents which they would have to obtain and is NOT relevant to this question).

You have been instructed to advise the owner of Kings Head Farm on the following:

- 10(a) All the possible issues that would need to be considered ahead of making any decision as to whether they should agree to the proposed sale. You should identify what these issues are and also provide advice on how they should be dealt with **(8 marks)**
- 10(b) On the assumption that your client is a sole trader advise on any potential liability to Capital Gains Tax that such a disposal may give rise to. Your comments should set out the statutory basis for CGT, the way it would be calculated, the valuations that would be required and the rate of tax that may be applied to any chargeable gain and other information that you may need before finalising your advice on any CGT liability. **(7 marks)**

No.11 LETTING OF A FARMHOUSE (15 MARKS)

1 King's Head Farmhouses is a four-bed semi-detached house with good sized garden and off-road parking and driveway shared with 2 Kings Head Farmhouses. This is coloured **ORANGE** on the attached plan.

The house has recently been vacated following long-term occupation by a one of the owner's family and is subsequently undergoing renovation works to modernise it. The owners have asked your firm to advise them on letting the farmhouse from December 2022 onwards.

You are to assume the property is in your area of practice.

- 11(a) In bullet points, advise your clients as to the legislation and mandatory requirements they must adhere to as a private landlord letting a residential property provide details as to how rents may be reviewed, and vacant possession achieved **(10 marks)**
- 11(b) The owners wish to instruct your firm to let the property. In bullet points set out your requirements of the client and your terms of engagement **(5 marks)**

No. 12 VALUATION (15 MARKS)

The owner of Kings Head Farm is looking to fund a diversification project on the farm, which requires a revaluation of the security held by the bank, being the farmhouse and barns. This area **OUTLINED GREEN** (please do not enter the garden of the farmhouse). The barns have planning consent for 4 residential units, which in total extend to 600 square metres.

Please provide;

- 12(a) Your proposed report headings (and notes under these headings) for the part of the report which is based on your inspection of the property. **(8 marks)**
- 12(b) Advise how you would approach the valuation of both the farmhouse and barns. Provide your calculations, stating any assumptions. Highlight the strengths and weaknesses of your approach. **(7 marks)**

No. 13 COMMERCIAL LETTING (15 marks)

Your clients Mr and Mrs Green are the owner occupiers of Kings Head Farm. They have been approached by a local building contractor SpeedyBuild Ltd who wish to rent the building-coloured **PURPLE** on the plan for storing building materials.

The gross internal area is 162 sq m. SpeedyBuild have indicated that they would like to have an initial three year agreement but no other terms have been discussed.

- 13(a) Explain the procedure for granting a business tenancy contracted out of ss24-28 of Part II of the Landlord and Tenant Act 1954 **(4 marks)**
- 13(b) Outline the heads of terms you would expect to include for this tenancy agreement **(6 marks)**
- 13(c) Prepare an email to Mr and Mrs Green advising on the practical implications for the farm business of letting this building to SpeedyBuild and giving a recommendation on the rent level and the basis for calculating this **(5 marks)**

ORAL SUBJECT MATTER

The oral interview will be based upon the field **OUTLINED PINK**