**CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS**

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**NATIONAL WRITTEN EXAMINATION - PAPER II**

**9TH NOVEMBER 2023**

**10.50am – 12.55pm**

**Time Allowed – 2 Hours and 5 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 **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 seven 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.
11. The presentation and clarity of your answers is important

**QUESTION 1**

You have been contacted by a dairy farmer seeking advice on the installation of a new slurry store to replace an existing store which is in poor condition and is of insufficient size.

The farm extends to 350 acres and accommodates 300 milking cows. Fixed equipment at the farmstead includes modern cubicle buildings, milking parlour, collecting yard, silage pits and a range of older buildings used for young stock. The yard itself is partially concrete, but some areas remain in hardcore and diffuse pollution and surface run-off is frequently a problem through the winter.

You have been asked to attend a meeting to survey the farm and brief the client on issues relating to designing a new slurry store. In preparation for that meeting, prepare the following:

1. A checklist of practical and legislative matters to be considered when developing proposals for a new store, including notes on possible grants available and eligibility.

**14 marks**

1. Notes outlining the responsibilities of the “farmer” project managing the proposed slurry store under the Construction Design and Management Regulations, including the information you would expect a contractor to provide in advance of the project to demonstrate compliance with the regulations and due regard for health and safety.

**6 marks**

**QUESTION 2**

**For England, Wales and Scotland**

Your client is the tenant under the Agricultural Holdings Act of Pewsey Farm and succeeded his father as the tenant in 1996.

Your client has undertaken various improvement works over the years not all of which have been recorded in writing.

He is looking to step back from farming and would like to understand what compensation he may be due should he leave the farm.

Please prepare a briefing note in advance of your meeting with your client concerning the following:

1. those matters which may be considered for end of tenancy compensation for both landlord and tenant.

**(5 Marks)**

1. the procedure and timescale for your client initiating end of tenancy compensation matters.

**(3 Marks)**

1. the procedure that the landlord would have to follow to claim dilapidations at the end of the tenancy.

**(2 Marks)**

1. the valuation approaches which could be considered for a 90’ x 50’ steel framed agricultural building erected by the tenant in 2002. Choose one of the valuation approaches to give a worked example. Please state the information that you would need and any assumptions that you would make.

**(10 Marks)**

**Alternative for Northern Irish Candidates Only**

Your client is thinking of expanding his AD plant, originally established on the basis of slurry. Looking at maize as a more energy rich feedstock, he would require more maize than he wishes to produce from his own land. He is now talking with neighbours about their producing maize for this to mutual benefit.

Assuming that they are willing in principle, what are his options for this? What are the advantages and disadvantages of each?

**8 marks**

The neighbours have proposed that this is achieved by some form of co-operative or partnership arrangement. Set out a proposed structure for this with key terms that you consider would be equitable.

**8 marks**

How should any environmental risks be addressed in respect of:

1. Maize growing?
2. The AD plant? **4 marks**

**QUESTION 3**

You act as agent for a private rural estate. The lady owner is starting to bring her daughter, Olivia, into the management of the estate.

You are to attend an informal meeting to review all aspects of the estate with Olivia to enhance her knowledge of how the estate operates ahead of the annual meeting with the estate’s accountants and tax advisers. You are asked a number of questions about taxation matters.

1. A newly vacant farmhouse worth in the region of £750,000 is planned to be sold to Olivia to be her home. She currently lives in a flat in London that she owns. Outline:
2. the taxation implications that might be relevant in relation to the transaction and ownership, for:
   1. the seller (the estate)
   2. the buyer (Olivia)
   3. the consequences as to tax and reliefs were Olivia to buy the house using a company
3. what valuation and associated work could be needed
4. **marks)**
5. Olivia is considering starting up and operating a farm shop from a vacant traditional barn on the side of a trunk road that passes the estate and is drawing up a business plan for this. She is aware that VAT and Non-Domestic Rates may influence the returns and profitability.

Outline details of the two taxes, and how they might affect annual returns.

**(6 marks)**

1. Olivia is intending to leave her current paid employment to become self-employed as part of the move back to help manage the estate and run the farm shop.

She is unsure how her Income Tax would then be calculated, having always been employed on a PAYE basis. Outline the basic structure of the Income Tax system, including bands, allowances and reliefs.

**(4 marks)**

**QUESTION 4**

You have been asked by your client, who owns a 600 acre mixed farm, for advice in respect of a proposed high pressure underground water main that is due to be laid across his farm at some point during the next 12 months. The proposed route of the main would sever the livestock buildings from the best grazing and silage fields. It is also thought that the water company will require a compound on the farm for the construction phase,

Your client is naturally concerned about the implications that this would have for his business during the construction period. He is similarly concerned about how the new main, once constructed, might affect ploughing and excavation along its route. Accordingly, he has asked you for your advice on the following matters:

1. Outline the statutory powers on which the water company will be relying to lay and then maintain the pipe and, once laid, any restrictions that might limit what activities can and cannot be undertaken by your client along the affected route.

**(5 marks)**

1. Assuming the pipeline progresses, outline:
2. the sequence of events from when the water company takes possession to when they leave the land **(5 marks)**
3. the Heads of Claim which might be appropriate at each stage **(5 marks)**
4. Outline draft heads of terms for the compound during the construction phase. **(5 marks)**

**QUESTION 5**

Your client has recently inherited 70 acres of land, which is in six enclosures with high hedgerows and a spinney, adjacent to a small town.

She has been reading about a shortage of housing and is keen to explore development opportunities.

She requests your advice on how to proceed.

1. What research might you undertake before your visit to inform your discussion.

(**6 Marks)**

1. Outline the alternative arrangements for her to progress the development of her land, setting out the advantages and disadvantages of each. (**8 Marks)**
2. Confirm your advice as to the preferable approach to be taken with reasons and set out how you would structure the agreement and state the matters to be considered. (**6 Marks)**

**QUESTION 6**

Your client farms a 300 ha arable unit. It includes a yard with a range of traditional outbuildings situated on the outskirts of a busy industrial town, served by good transport links. For operational reasons your client has decided to let part of the holding to a neighbouring farmer and as a result, a number of the outbuildings are no longer required at present.

Your client has been approached by a local entrepreneur who requires storage space for his mobile catering trailers which he takes to outdoor events and would like to rent some of these buildings from your client. Your client is keen to generate revenue from these assets but is equally keen to ensure he retains control should they be required for agricultural purposes.

Unfamiliar with commercial lettings, your client has sought your advice on the following matters:

1. What forms of agreement are available to your client and (if applicable) under what legislation would any of these agreements be governed?

**(2 marks)**

1. Advise your client on the likely range of rental values that he could expect to secure from a letting of this nature

**(2 marks)**

1. What he will have to have put in place in order to let the property legally.

**(4 marks)**

1. How might your client protect his position so that he can resume possession of the buildings when required?

**(2 marks)**

1. As your client decides to proceed, produce a draft set of Heads of Terms in respect of a lease

**(10 marks)**

**QUESTION 7**

You have been approached by your local Wildlife Trust which is seeking to purchase approximately 30 acres of farmland to establish a woodland creation scheme in line with the Trust’s objectives for biodiversity enhancement.

The Trust also owns another established woodland plantation, with some ordinary 30 year old mixed conifers stands which suffered windblow from Storm Arwen in November 2021. It is thought that there are some active badger setts within this woodland.

They have asked you for initial advice on the following:

1. What factors need to be considered when identifying a potential site for purchase and the suitability for woodland creation?

**(4 marks)**

1. Outline the potential sources of funding that might be available to the Wildlife Trust to establish a 30 acre woodland, with their structure and broad levels of payment **(10 marks)**
2. Outline the principles behind the Woodland Carbon Code and why and in what circumstances this might be of interest to your client wishing to establish a new woodland. Are there any liabilities associated with this? **(3 marks)**
3. Outline whether any consents are required to fell the 30 year old mixed conifer planation, and whether there are any specific risks to be considered or managed.

**(3 marks)**