

Appeal No. VA96/3/091

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

John Gillespie

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed House, Shop, Caravan Park and land at Lot No. 1Ba, Townland: Killindarragh,
ED: Annagry, Co. Donegal
Quantum - Seasonality

B E F O R E

Mary Devins - Solicitor

Deputy Chairman

Fred Devlin - FRICS.ACI Arb.

Deputy Chairman

Marie Connellan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 24TH DAY OF APRIL, 1997

By Notice of Appeal dated the 15th July, 1996 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £113.35 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

- "(1) The valuation is excessive and inequitable;
- (2) The valuation is bad in law;
- (3) No account is taken of the net annual value in determining the rateable valuation assessment of this hereditament;

- (4) The respondent erred in law in fixing and determining the said valuation in that he failed to have any or any proper regard to the provisions of the Valuation Acts and in particular *Section 5 of the 1986 Act*;
- (5) The rateable valuation is not assessed in accordance with the relevant Valuation Acts and related legislation;
- (6) The valuation is excessive, inequitable and bad in law having regard to the particular location of the hereditament, the subject matter of this appeal and the difficulties associated therewith".

The Property:

The property comprises a licensed house known as "Teach Phaidi Oig" located at Crollly Bridge in Gweedore. The upper floor of this building is a large private residence, part of which was formerly used as a guesthouse and is now disused. To the rear of the pub is a modern holiday caravan park with 30 fully serviced sites.

Written Submissions:

A written submission was received on the 20th November, 1996 from Mr. Patrick McCarroll, ARICS, MIAVI, ASCS, IRRV, ACI.Arb, Chartered Surveyor and Rating Consultant on behalf of the appellant. In his written submission Mr. McCarroll described the subject premises and set out its accommodation.

Mr. McCarroll assessed rateable valuation on the basis of turnover. He said that percentages applied by the Tribunal had ranged from 7.4% in *VA93/2/063 - Jack Graham, Rathcoole Inn* to 9% in *VA93/3/038 - Westside Taverns Limited t/a The Greyhound Inn* to 7.6% of turnover in *VA94/3/019 - Stardale House Limited t/a Lake of Shadows*.

Mr. McCarroll based his assessment on an average of turnover for the two years 93/94 and assessed rateable valuation as follows:-

"	Turnover £158,875. Backdated to 1988 (0.85)	=	£135,043
	7.0% of £135,043	=	£9,453
	NAV @ 0.50%	=	£47.26
	Say		£47.00

Add for:

Residential Overhead £50 x 52 = £2,600

	NAV @ 0.50%	£13.00
Caravan Park	30 caravan sites @ £0.30 <u>£ 9.00</u>	
		£69.00"

Mr. McCarroll offered one comparison VA95/1/044 - Henry & Bridget Goff 68 sites at 82p equates to £56.

A written submission was received on the 19th November, 1996 from Mr. Christopher Hicks, Appeal Valuer on behalf of the respondent. In his written submission he described the premises. He said that he had used the comparative method in assessing the rateable valuation on the subject premises. He said that his most important comparison was the Gweedore Bar in Falcarragh because it was well known to the appellant and because it was agreed in conjunction with two other appeals on the basis of net annual value at 25% of average of gross profit.

Mr. Hicks set out his rateable valuation as follows:-

"Bar/Shop/Restaurant"

Turnover y/e 31/10/93:	=	£156,519
Gross Profit £68,160	=	43.5%
Turnover y/e 31/10/94:	=	£163,297
Gross Profit £74,108	=	45.4%
Average Turnover:	=	£159,908
Backdate to November, 1988 @ 15%=		<u>£ 23,986</u>
		£135,922
NAV @ 9½% as per "Gweedore Bar"	=	£12,913
@ 0.5% = £64.57, Say	=	£65.00

Devalues

Bar/Lounge/Kitchen	2,589 ft ² @	£5/ft ²
	(2,329 + 260)	

Service Block

Shop, Toilets, Showers:	2,160 ft ² @	£1.25	=	£13.50
	£2,700 @ .5%			

Residence on First Floor

$$\begin{array}{rcl}
 4,000 \text{ ft}^2 & @ & \text{£}1.00 \\
 \text{£}4,000 & @ & .5\% \\
 & & = \\
 & & \underline{\text{£}20.00} \\
 & & \underline{\text{£}98.50}
 \end{array}$$

Caravan Park

$$\begin{array}{rcl}
 30 \text{ sites} & @ & 60\text{p per site} \\
 & & = \\
 & & \underline{\text{£}18.00}
 \end{array}$$

Mr. Hicks offered two comparisons which are summarised below:-

(1) **Mary McGinley "Gweedore Bar".**

92/4 First Appeal. RV £110. Modern bar on street front in the village of Falcarragh.

(2) **Thomas Barrett "Kilclooney Tavern".**

94/4 First Appeal. RV £45. Plain public house in rural location.

Oral Hearing:

At the oral hearing which took place in Letterkenny on the 27th day of November, 1996.

Mr. Patrick McCarroll, Chartered Surveyor and Rating Consultant appeared on behalf of the appellant. Mr. Christopher Hicks of the Valuation Office represented the respondent.

Mr. McCarroll confirmed and adopted his written submission dated 18th November, 1996 as his evidence in chief and stressed the seasonal nature of the business carried on in the subject property. He submitted that his estimate of net annual value of the licensed portion of the property as of 1988 was £135,043 and that the correct percentage of turnover to be applied was 7% taking into account the location and nature of the subject hereditament.

Mr. McCarroll accepted that he had agreed to the rateable valuation of Mr. Hicks first comparison but suggested that it had in fact been too high and not in keeping with the tone of the list.

Referring to Mr. Hicks second comparison Mr. McCarroll submitted that the percentage of 9.5% applied by Mr. Hicks to the estimated turnover as of 1988 was inappropriate and more suited to a licensed premises in an upmarket location in Dublin.

Mr. Hicks in evidence said that he had understood that the residential portion and caravan park were not in dispute and produced to the Tribunal, Mr. McCarroll's objection having been noted, comparative evidence relating to other caravan parks in County Donegal which indicated that his assessment of 60p per site for the subject was reasonable. These comparisons also show the range of valuation assessed on service blocks attached to caravan parks.

Mr. Hicks submitted that the best comparative evidence was that included in his précis in particular comparison one which had in fact been agreed by Mr. McCarroll himself and which seems to have been decided on the basis of 25% average gross profit.

Findings and Determination:

The Tribunal is satisfied that the commonly used method of valuing licensed premises is based on percentage of turnover and is grateful to the appellant for the production of accounts. Turnover however does not stand alone and other factors such as location, layout and any constant circumstances which might affect general trade must also be taken into account.

The subject is not comparable to a licensed premises in a premier location for example in Dublin. It is however comparable to other similar licensed premises in County Donegal.

The Tribunal has had regard to the comparative evidence adduced by the respondent and finds that the difficulties if they may be so described, in terms of location, apply equally to these comparisons.

The Tribunal accepts the respondents assessment of valuation of the caravan park, service block and domestic portion and in light of all of the evidence adduced the Tribunal affirms the decision of the respondent herein.

