

Appeal No. VA92/2/029

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

Joseph Murphy

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed House, Office and Yard at Lot No. 12, Prospect Row, Prospect A Ward, County
Borough of Limerick
Quantum

B E F O R E

Mary Devins

Solicitor (Acting Chairman)

Padraig Connellan

Solicitor

Veronica Gates

Barrister

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 25TH DAY OF AUGUST, 1992

By notice of appeal dated the 24th day of March, 1992, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £78 on the above described hereditament.

The grounds of appeal as set out by Mr. Joseph Murphy in his Notice of Appeal are "that this re-valuation is inequitable, immoral and probably un-constitutional. In 1975 the valuation was £17, which was increased to £37 and now £78. It seems I am to subsidise the premises in the "Designated Areas".

The Property:

The subject property comprises a licensed house located on Prospect Row and situated directly across the street from the entrance to the army barracks. The premises have been reconstructed and extended in the recent past - 1989 at a cost of approximately £60,000. A new roof was built and new toilets were added to the rear of the bar. The bar was increased in size since the previous valuation of £37 on licensed houses. A cold room has also been added to the rear. The premises has a small yard to the rear and a narrow side entrance. The first floor is used as loose storage.

Valuation History:

The premises was first valued in 1975 at £17. This was subsequently increased in 1978 to £42 and reduced to £37 on first appeal. The valuation of the premises was subsequently increased to £100 and then reduced to £78 on first appeal. It is against this determination that the appeal now lies with the Tribunal.

Written Submissions:

A written submission was received on the 17th August, 1992 from Mr. Joseph Murphy. Mr. Murphy, in his submission states that as a result of inspections carried out by the local Fire and Health Authorities the premises were upgraded. New ladies and gents toilets were installed to meet the Health Authority requirements and the bar refurbished to meet the Fire Authority standards. A new store was also included to replace the existing stores. Following Mr. Murphy's alterations to the premises the property was then subjected to an increase in rateable valuation from £42 to £100. Mr. Murphy feels that he is being penalised for complying with the wishes of the Local Authority. No comparisons are produced by Mr. Murphy.

A written submission was received on the 14th August, 1992 from the Valuation Office. The submission outlines details of the subject property and indicates turnover in relation to both the

bar and the off-license sales. Four basis are set out on which the valuation on the subject premises has been calculated:-

Basis A

Bar

£ 3,500 per week @ 80% for V.A.T.
 = £ 2,800 per week @ 35% Gross Profit*
 = £ 980 per week @ 50% Nett Profit
 = £ 490 per week @ 50% N.A.V.
 = £ 245 per week @ 90% to allow goodwill

 = £ 220 per week x 52 weeks
 = £11,440 N.A.V.

@ 75% for November 1988 = £8,580 N.A.V.

Off-Licence

£ 3,500 per week @ 80% V.A.T.
 = £ 2,800 per week @ 15% Gross Profit
 = £ 420 per week @ 50% Nett Profit
 = £ 210 per week @ 50% N.A.V.
 = £ 105 per week @ 90% to allow goodwill
 = £ 9,450 x 52 weeks = £ 4,914 N.A.V.

@ 75% for November 1988 = £3,686 N.A.V.

Note Nett Combined Profit = £700 per week = £36,400

Total N.A.V. = £12,266 @ .63% = £77 R.V.

* 40% for Gross Profit is the norm - competitive pricing here in this pub.

Basis B

Nett Profit end 1990 as given by Appellant	£35,000
@ 80% (10% p.a.) to end 1988	£28,000
@ 90% to allow for goodwill	£25,200
@ 50% for N.A.V.	£12,600
@ .63%	<u>£ 79</u> R.V.

Basis C

Estimated Market Value	£175,000	December 1991
@ 75% for November '88 (8% p.a.)	£131,250	
@ 10% (10 years purchase)	£131,128	N.A.V.
@ .63%	<u>£ 83,000</u>	R.V.

Basis D

Bar 745 ft ² @ £10 p.s.f.	=	£ 7,450
W.C.'s etc 283 ft ² @ £5 p.s.f.	=	£ 1,415
1st Floor 510 ft ² say £1.50 p.s.f.	=	£ 800 say
Licence say £25,000 10%,		£ 2,500 (£15 added for licence 1978)
N.A.V. £12,165 @ .63% = £76 R.V.		

The average of the 4 bases = £78 R.V.

The following comparisons were set out in the written submission:-

- 1) The Limelight, Henry Street, R.V. £80.
- 2) John O'Farrell Custom & Shannon, 76 Catherine Street, R.V. £80.

- 3) Estuary Inns, estimated N.A.V. £19,210 @ .63% = £120.
- 4) Ted's or "The Brazen Head", R.V. £265.
- 5) Ryan & Ware, Wickham Street, R.V. £85.

Oral Hearing:

At the oral hearing which took place in Limerick on 25th August, 1992, the Appellant, Mr. Joseph Murphy appeared. The Respondent was not represented.

Mr. Murphy explained to the Tribunal that after taking over the business from his father in 1975, he had refurbished the bar to meet the Fire Authority standards and had installed new ladies/gents toilets to meet the Health Authority requirements. He had also added on a new store.

He gave evidence that his estimate of market value of the premises was in the region of £140,000 based on net annual profits of £35,000.

Referring to the comparisons adduced in the Respondent's undated written submission, Mr. Murphy pointed out that of these five comparisons, the lessees of two properties had defaulted on their leases while the others were not comparable since they were situated on busy, main thoroughfares, unlike the subject premises.

Having considered the written submission of the Respondent, but in the absence of oral evidence to substantiate same, the Tribunal has had regard to the evidence put forward by the Appellant as to market value.

The Tribunal is of the opinion that the market value as of November 1988 is £105,000 and accordingly determines that the correct rateable valuation is £66.

