

Appeal No. VA92/3/003

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

Kevin Mulholland

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed House Stores and Small Garden, at Lot No. 66/18, Townland of
Castlebellingham, E.D. Castlebellingham, District of Louth, Co. Louth
Quantum - Direction on Comparisons

B E F O R E

Henry Abbott

S.C. Chairman

Padraig Connellan

Solicitor

Veronica Gates

Barrister

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF JUNE, 1993

By Notice of Appeal dated the 7th May, 1992, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £65 on the above described hereditament.

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

"the valuation is excessive and inequitable".

The Property

The property comprises a public house with living accommodation consisting of bar, lounge, toilets, store and living quarters, bedrooms, sitting room, kitchen, W.C. and shower.

The agreed areas are as follows:-

Bar	445 sq.ft.
Lounge	368 sq.ft.
Ancillary	376 sq.ft.
Store (External)	618 sq.ft.
Living Quarters	2,012 sq.ft.

The property is situated in the Village of Castlebellingham overlooking the green with on-street parking.

Valuation History

The property was listed for revision in 1990 by Louth County Council. The rateable valuation was increased from £18 to £65 and the description changed from "Licensed House, Shop, Offices and Small Garden" to "Licensed House, Stores and Small Garden". At 1990 First Appeal the R.V. was unchanged by the Commissioner of Valuation and it is against this determination that the appeal now lies to the Tribunal.

Written Submissions

A written submission was received on the 28th October, 1992 from Mr. Desmond Killen F.R.I.C.S. I.R.R.V. on behalf of the appellant. In the written submission, Mr. Killen described the property, its location, accommodation, construction and services and set out the valuation history attaching to it.

Mr. Killen stated that there were a number of methods of calculating rateable valuation:-

- (1) Estimate of N.A.V. from direct evidence.
- (2) Estimate of N.A.V. from estimate of an Annual Return on Purchase Price and Expenditure on premises.
- (3) Estimate of N.A.V. from Accounts.
- (4) N.A.V. over R.V. from comparable valuations on similar types of premises.

Mr. Killen said that in relation to Method (1) he was unaware of any direct evidence of Rental Value on the licensed premises. In relation to Method (2) the N.A.V. as return on Purchase Price and Capital Expenditure, he said that the subject was purchased in 1987 for £125,000 and expenditure on roof repair and insulation was £3,500, that is, £128,500 in total. He submitted that the correct figure for the return on capital employed for licensed premises was 7 to 8% and on this basis the N.A.V. for the subject hereditament is £9,000 to £10,280 yielding a rateable valuation of £45 to £50.

In relation to Method (3) Mr. Killen stated that the witness had prepared an assessment based on the accounts for years ending 31st October, 1990 and 31st October, 1989.

	<u>Y/E 31/10/90</u>	<u>Y/E 31/10/89</u>
Sales	£94,014	£87,684
Cost of Sales	62,116	61,238
Gross Profit	31,898 (33.9%)	26,446 (27.1%)
Overhead Expenses	26,613	22,420
Net Profit	5,283	4,026

Deducting bank interest charges, leasing, depreciation and rates from overhead expenses the working profit is £12,189.

Working Profit is	£12,189
Deduct Tenant's share (say) 50%	<u>6,094</u>
Amount available for Rent (NAV) & Rates (RV X £20.80)	6,095

$$\text{Viz. N.A.V.} + \frac{\text{N.A.V.}}{200} + 20.8 = \mathbf{\pounds 6,100}$$

$$\begin{aligned} 1.104 \times \text{N.A.V.} &= \mathbf{\pounds 6,100} \\ \text{N.A.V.} &= \mathbf{\pounds 5,525} \\ \text{R.V. @ 0.5\%} &= \mathbf{\pounds 27.60} \\ \text{Add for Domestic element} &= \mathbf{\pounds 13.00} \end{aligned}$$

Total R.V. = **£40.60**
(say) £41

Finally, in relation to Method (4) comparisons, Mr. Killen gave examples of "Licensed Premises" in the town of Castlebellingham as follows:-

<u>V.O. Lot</u>	<u>Occupier</u>	<u>Description</u>	<u>R.V.</u> <u>(Bldgs)</u>
(a) 67, 68,69	Thos. Conlon	Licd Ho., Shop Offices & Land	£70
(b) In 111	Thos. Heaney	Licd Shop, Offs & garden	£45
(c) 112	Patrick Byrne	Licd Ho, Offs & Yard	£12.75
(d) 27abc	John J Reena	Licd Hotel & Land	£300
There are two other licensed premises within E.D. Castlebellingham			
Twd. Milestown			
(e) 4Aa.5	Thos. McGeary	Licd House, Offs & Land	£85
Twd. Mullincross			
(f) 28a	John Dorian	Licd House, Shop, Offs & Land	£27

Mr. Killen estimated the appropriate valuation for the subject premises as follows:-

Rateable Valuation:

Bar	368]		
Lounge	445]	813 sq.ft. @ 3.5p = £28.45	Say £28
Dwelling	1,965 sq.ft. @ 0.5p =	£9.85]	
Store	624 sq.ft. @ 0.5p =	£3.12]	Say <u>£13</u>
			£41

In the alternative, the N.A.V. is calculated:

Bar/Lounge:	813 @ £7	=	£5,691
Dwelling:	1,965 @ £1	=	£1,965
Store:	624 @ £1	=	<u>£ 624</u>
	N.A.V.	=	£8,280
	R.V. @ 0.5%	=	£43

and concluded from the above that the correct rateable valuation was between £40 and £45.

A written submission was received on the 2nd November, 1992 from Mr. Patrick Mc Morrow a Valuer on behalf of the respondent. In the written submission, Mr. Mc Morrow described the premises and set out the recent valuation history. Commenting on the grounds of appeal, Mr. Mc Morrow, stated, that although there had been negotiations around a figure of £50 at First Appeal the Commissioner of Valuation had not accepted this figure and no change had been made to the rateable valuation at First Appeal.

Mr. Mc Morrow said that in calculating the rateable valuation on the subject premises he had calculated it in accordance with Section 5 of the 1986 Valuation Act as follows, Net Annual Value by a fraction derived from the Rateable Valuation over the Net Annual Value. He said that in the absence of direct rental evidence the N.A.V. is calculated by reference to other recently revised licensed premises and N.A.V.'s fixed at Valuation Tribunal. Mr. Mc Morrow set out details of comparative evidence as follows:-

Table 1

Premises	N.A.V. to Licensed Turnover Relationship	
	(Average 88/89	Non-Domestic N.A.V. as % of

	& 89/90 Licensed Turnover	Estimated N.A.V.	L.T.O.
A. O'Neills	£40,820	£5,200	12.7%
B. Muldoon's	£299,766	£36,200	12.0%
C. Mc Carthy's	£95,097	£14,600	15.4%
Subject	£90,849	£10,400	11.4%

Table 2

Premises	N.A.V. to Capital Value Relationship		
	Capital Value	(Agreed or Set by Valuation Tribunal) Estimated N.A.V. (on entire premises)	N.A.V. as % of Capital Value
A. O'Neills	N/A	£6,760	N/A
B. Muldoons	£360,000	£40,000	11%
C. McCarthy's	£125,000 (£75,000 per Occupier)	£16,000	13% (21% on occupiers valuation)
Subject	£130,000	£13,000	10%

Table 3

R.V. to N.A.V. Relationship

Premises	Total Estimated	R.V.	R.V./N.A.V. %
A. O'Neills	£6,760	£43.00	0.63%
B. Muldoons	£40,000	£200	0.5%
C. Mc Carthy's	£16,000	£80	0.5%
Subject	£13,000	£65	0.5%

Mr. Mc Morrow concluded by setting out his calculation of the Rateable Valuation on the subject premises as follows:-

Calculation of N.A.V.

Method (1) N.A.V. as % of Turnover.

Non-Domestic: Average Turnover £90,849 @ 11½% = £10,447
 Domestic: £50 pw X 52 = £ 2,600
 £13,047

Method (2) N.A.V. as a % of Capital Value N.A.V. £13,000

Capital Value £130,000* @ 10% = £13,000

*Note Purchase Price 1987 £125,000

Basis of R.V.

N.A.V. X R.V./N.A.V. (Fraction) = R.V.

£13,000 X 0.5% = £65.00

R.V. £65.00

Oral Hearing

The oral hearing took place in Dublin on the 27th day of January, 1993.. The appellant was represented by Mr. Desmond Killen F.R.I.C.S. I.R.R.V. of Donal O'Buachalla & Company

Limited and the respondent was represented by Mr. Patrick Mc Morrow a Valuer in the Valuation Office. Both Valuers debated the estimate of N.A.V. for the premises along the lines of their precis and it emerged from this debate that the subject was not directly comparable to any of the licensed premises in the neighbouring towns. Neither was it to be likened to a premises which had established a physical dominance upon the main road. The Tribunal finds that it has been helped considerably by the accounts which were submitted by the appellant but considers that the premises may have somewhat more potential than is reflected therein. However, a prospective tenant of the premises could not be certain of establishing a booming type of road-house trade. Having regard to the foregoing considerations and all the evidence offered the Tribunal finds that the valuation of the subject is £52.