

Appeal No. VA93/1/018

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

Denis & Helen Ahern

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Shop at Map Reference 17, Main Street, Croom, Townland: Skagh, Ward:
Croom, Co. Limerick
Quantum

B E F O R E

Paul Butler

S.C. (Acting Chairman)

Veronica Gates

Barrister

Brian O'Farrell

Valuer

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 10TH DAY OF NOVEMBER, 1993

By Notice of Appeal dated the 18th day of February, 1993 the appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £60 on the above described hereditament.

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

"the increase in the valuation is totally disproportionate to the modest and minor improvements to the premises carried out by the appellants and out of line with the valuation of similar premises in the town and area."

The Property:

The property is located on Main Street. It is a two-storey, terraced premises with accommodation of a bar of 990 square feet, stores and w.c. of 118 square feet and outside bottle store of 312 square feet. There is no domestic accommodation and the first floor is not used.

The premises was purchased for £70,000 in December 1990 and £40,000 was expended on repairs and refurbishment which included partial re-roofing and a new shop front and shop windows fitted. The ceiling height of the bar was raised and the attic floor removed. The bar area was refurbished and modernised.

Valuation History:

Following improvements to the premises in 1991 the rateable valuation was increased from £4 to £60. Prior to 1991 the hereditament had not been revised since the last century. The rateable valuation was appealed to the Commissioner of Valuation but no change was made at First Appeal.

Written Submissions:

A written submission was received on the 5th November, 1993 from Mr. John Cussen of Michael Cussen & Company, Solicitors for the appellant.

In his written submission Mr. Cussen said that he would be adducing at the hearing evidence relating to the improvements and expenditure carried out, comparisons with other licensed premises in the town, and details of the appellants annual turnover on the premises to the 31st March, 1993. He said that he would produce other evidence as appropriate at the hearing.

A written submission was received on the 5th November, 1993 from Mr. Daniel Griffin, B.Comm. with 13 years valuation experience with the Valuation Office, on behalf of the respondent.

In his written submission Mr. Griffin set out relevant details relating to the property and commenting on the appellant's grounds of appeal, he said that the subject premises had a higher R.V. than other licensed premises in Croom because it was recently revised and many of the other licensed houses had not been revised for many years. He also said that the premises, had been modernised and the other licensed houses were plainer and were old fashioned.

Mr. Griffin described his calculation of the rateable valuation on the subject premises as follows:-

He said that it was calculated on the basis of gross profit to turnover ratio to be achieved by the hypothetical tenant. He said that the profit ratios indicated in the accounts of the subject premises were significantly lower than usual for licensed premises. He had not used these ratios but instead, had used the more usual ratio of 50%. On this basis the rateable valuation worked out as follows:

	<i>Year Ended:</i>	
	<i>31.3.93</i>	<i>31.3.92</i>
	£	£
Turnover	109,061	130,674
Gross Profit from Accounts	42,284	47,832
Potential Net Profit		
(Based on Net Profit to Gross Profit @ 50%)	21,142	23,916
Average of the Potential Net Profit	22,529	
Allow 50% of Potential Net Profit for Rent is	11,264	
Rateable Valuation @ .5% =	56.32	
Say		60.00

Mr. Griffin also supplied details of comparisons in Croom.

Oral Hearing:

The oral hearing took place in Limerick on the 10th November, 1993. Mr. Cussen of Messrs. Michael Cussen & Company, Solicitors, appeared on behalf of the appellant and Mr. Daniel Griffin appeared on behalf of the respondent.

Mr. Cussen submitted that his clients had borrowed heavily for the purchase and refurbishment of the premises, as a result of which they were paying heavy bank interest. He said that the Village of Croom was a very small village with a population of about 1,500 people, there was no industry and room for expansion was small. He further said that the village is going to be by-passed by the new Cork/Limerick Road. He said that the principal comparison offered, namely, Kearney's Public House is much larger than the subject premises and he suspected that the turnover was higher than the figure of £75,000 given.

Mr. Ahern in evidence said that trade has fallen considerably. He purchased the premises some two years ago for £70,000 and spent £43,000 thereon. In order to keep turnover up he has to

engage entertainers for about two nights a week averaging £90 per week. He said that Kearney's was doing as good a trade as his premises and that it would take 50 more people than the subject premises which would take 100 customers. He said that he had no staff. He and his wife worked the premises with some assistance from their student son. If he had to engage help on a weekend basis it would cost him £40 to £50 per week. He said that the letting value of the premises would not in any way approach the £240 suggested on behalf of the Commissioner.

Mr. Griffin in evidence referred to his written submission. He said that Kearney's Public House was refurbished in 1972, over 20 years ago. The rateable valuation thereon was arrived at on a basis of turnover of £75,000. Under cross-examination, he said that the furniture in Kearney's was old fashioned (appellant disagreed). He said that he could offer no comparison of letting value of public houses.

Determination:

The Tribunal has had regard to the written submissions and to the evidence given and is satisfied that the only valid comparative premises in this case is Kearney's. While the turnover in Kearney's appears to be lower than that of the subject premises, it is a larger premises.

Taking the foregoing into consideration the Tribunal is satisfied that a fair Net Annual Value of the subject premises would amount to £8,500 and determines rateable valuation at £42.