

Appeal No. VA93/3/021

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

Foxrock Inn Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Shop at Map Ref: 25b.27.29.31. Cardiffsbridge Road, Ward of Finglas West,
County Borough of Dublin

Quantum - Percentage of turnover, tone of the list

B E F O R E

Henry Abbott

S.C. Chairman

Mary Devins

Solicitor

Veronica Gates

Barrister

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 6TH DAY OF JULY, 1994

By Notice of Appeal dated the 10th August, 1993 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £450.00 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."

The Property:

The subject property is located on Cardiffsbridge Road within residential west Finglas and approximately one mile west of Finglas village. The property comprises part of a small purpose built, part single and part two storey parade of shops dating from the 1960's. The subject itself comprises the equivalent of three shop units, that is, three frontages extending to approximately 48 feet with a gross depth of just less than 100 feet to include covered yards. It is a basic concrete framed structure with a concrete blocking infill walls, concrete floors and concrete first floor over. Internally, a separate bar and lounge are provided with access from a common integral entrance lobby. Separate toilets are provided to the bar and lounge areas and these are functional with tiled walls and floors. Accommodation consists of:-

Bar (Incl. entrance and manager's office)	2,504 sq.ft.
Lounge (Incl. entrance)	1,475 sq.ft.
Rear Lobby (emergency exit) - Bar	72 sq.ft.
- Lounge	95 sq.ft.
Toilets - Bar and Lounge	
Service Areas:	
Keg Room	231 sq.ft.
Covered Yard and Store	520 sq.ft.

Valuation History:

The rateable valuation was fixed on this premises by an agreement in 1988. In 1991 the rateable valuation was increased to £450.00. It is against this valuation that an appeal lies to the Tribunal.

Written Submission:

A written submission was received on the 25th January, 1994 from Mr. Desmond Killen F.R.I.C.S., F.S.C.S. I.R.R.V., a Fellow of the Chartered Surveyors in the Republic of Ireland and a Director of Donal O'Buachalla & Company Limited on behalf of the appellant. In the written submission, Mr. Killen described the property and its location and valuation history as set out above. He said that he had arrived at the rateable valuation using a number of methods, that is, the rental value, the profits method and the comparative method. He said that using these methods he had derived a rateable valuation on the subject premises of £350.00. Mr. Killen compared the subject premises to a number of pubs, that is:-

- (1) Drogheda Lodge R.V. £410.00

- (2) The Shamrock R.V. £750.00
- (3) Finglas Inn R.V. £630.00
- (4) The Jolly Toper R.V. £450.00
- (5) The Drake Inn R.V. £950.00
Subject of a Tribunal Appeal 1994.
- (6) Cappagh House R.V. £230.00

A written submission was received on the 21st January, 1994 from Mr. Christopher Hicks, Appeal Valuer on behalf of the respondent. In his written submission, Mr. Hicks said that he had calculated the rateable valuation on the subject premises using the turnover method. He said that the main determinant of value on licensed premises is turnover. He said the rent can be expected to vary between 9% and 14% of annual turnover. He said the factors which decided this percentage where:-

- (a) Level of Turnover.
- (b) Gross Profit.

He said that pubs renting at 14% and more would be likely to have turnovers in excess of £1,000,000. He said that a pub doing only £100,000 per annum was unlikely to achieve more than 9% of this figure in rent. In relation to gross profit, Mr. Hicks, said that this was a function of prices charged which in turn reflected location and physical condition and nature of the building. He said that 25% of gross profit was normally by a close approximation of rental value. He said that other methods of valuation need only be considered if turnover figures were unavailable or are different from what would reasonably be expected. Mr. Hicks offered the comparisons of:

- (1) The Cappagh Inn - with a turnover of less than £500,000 and rented for 13% of turnover. R.V. of £230.00 (1993).
- (2) The Village Inn - with a turnover of £800,000 per annum. R.V. £450.00 fixed.
Agreed at 1988 First Appeal.

Mr. Hicks set out his calculation of the rateable valuation on the subject premises as follows:-

"Turnover:	£800,000	@ 9%	=	£72,000 N.A.V.
		@ 0.63%	=	£453.60
		R.V.	=	£450.00

N.A.V. is based on 9% of turnover despite the fact that two nearby licensed houses, Cappagh House and Shamrock Lodge are rented at 13% and 17½% of turnover respectively."

Oral Hearing:

The oral hearing took place in Dublin on the 31st January, 1994. Mr. Desmond M. Killen with Mr. Alan McMillan of Donal O'Buachalla & Company Limited appeared for the appellant and Mr. Christopher Hicks of the Valuation Office appeared for the respondent. Mr. Michael Moran, Director of the Appellant and Mr. Donal Creegan, Company Accountant, gave evidence.

The thrust of the evidence given by both parties reflected the precis delivered and Mr. Moran emphasised that the subject premises was not one which would "run itself" by the employment of a professional manager using conventional management and delegation techniques applicable to other licensed properties in the Dublin area. He emphasised that it was necessary for a hands-on family presence to maintain customer goodwill in the property. A further reason for the hands-on approach and the delegation of certain staff to be watchful was that of excluding undesirable elements, chiefly those who would wish to violate the under age drinking laws.

The Tribunal heard evidence that the premises was a basic one with no renovations having been carried out since 1988 and internal finishes now well worn and in need of renewal. The Tribunal is of the view that this situation is a double edged sword from the point of view of the appellant having regard to the fact that there was overall agreement that the turnover figures were quite healthy.

The Tribunal accepts that the type of trade carried on here together with the type of management input which is required indicates a premises which is not capable of producing the highest marks-ups on merchandise. Indeed, the Tribunal notes that over an example of three premises in the north west side suburban areas in respect of which appeals have been heard, a range of percentages of N.A.V. to turnover have been used by Mr. Hicks. For instance, in the subject case Mr. Hicks has suggested an operative percentage of 9%. The corresponding operative percentage in *VA93/3/022 - Parecis Enterprises Limited (Mountain View)*, Coolmine was 10.2% and the corresponding operative figures in *VA93/3/038 - Westside Taverns Limited t/a The Greyhound Inn*, Blanchardstown Village were 12% in respect of bar and lounge and 10% in respect of off-licence.

The Tribunal realises that Mr. Hicks has gone some of the way to meeting the claims made by the appellant in relation to the price sensitivity of the market leading to a low mark-up on trading in the premises. For the reasons stated in *VA93/3/038 - Westside Taverns Limited t/a The Greyhound Inn*, the Tribunal is not disposed to be swayed against granting a concession to the appellant by reason of the claimed rents for nearby licensed houses, Cappagh House and Shamrock Lodge at 13% and 17½% of turnover respectively.

The Tribunal finds that perhaps Mr. Hicks did not make sufficient allowance, however, for the environment of the subject premises. Accordingly, having regard to the foregoing and all the evidence offered, the Tribunal finds that the valuation of the subject is £400 and so determines.