

Appeal No. VA93/4/040

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

**Donal O'Riordan**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Licensed House at Map Reference: 5.6 Church Lane, Townland: Townparks, Ward:  
Midleton Urban, U.D.: Midleton, Co. Cork  
Quantum - Turnover method, ratio

**B E F O R E**

**Henry Abbott**

**S.C. Chairman**

**Paul Butler**

**S.C.**

**Mary Devins**

**Solicitor**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 15TH DAY OF JUNE, 1994**

By Notice of Appeal dated the 4th day of November, 1993 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £115 on the above described hereditament.

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

"the valuation is excessive in view of open market rental value of premises and in comparison with similar premises valued by the Commissioner of Valuation in recent years".

**The Property:**

The property comprises a licensed premises with first floor domestic accommodation located on Church Lane in Middleton. Buildings are old and in fair repair.

The accommodation consists of:-

Ground Floor -	bar, lounge, toilets, stores and yard
First Floor -	music lounge (now disused), 2 rooms and kitchen

**Valuation History:**

The hereditament was first valued around 1880 as two separate lots. Lot 5 described as clerks office, workshop and stores with a valuation of £7.00, and Lot 6 described as offices and yard with a valuation of £4.50. Both lots were valued as one in 1968 and amalgamated with 107 Main Street with a rateable valuation of £75.00.

The subject was valued separately as licensed house in 1992 at £115.00. This was appealed but no change was made at First Appeal stage. It is against this valuation that an appeal lies to the Valuation Tribunal.

**Written Submissions:**

A written submission was received on the 10th June, 1994 from Mr. Peter Conroy, a District Valuer with 20 years experience in the Valuation Office, on behalf of the respondent.

Mr. Conroy described the property, its location and valuation history. Mr. Conroy set out his calculation of the rateable valuation on the premises by three methods as follows:-

**Method 1:**

Average turnover for years 1990 to 1992	=	£171,344
Adjusted for 1988 levels say	=	£150,000
N.A.V. @ 10%	=	£ 15,000
R.V. @ 0.63%	=	£94.50
	Say	= £95.00
Add for domestic use first floor @ £45 per week	=	£ 2,350
N.A.V.	=	£ 2,400
R.V. @ 0.63%	=	£15.00
Total R.V.	=	£115.00

**Method 2:**

Estimated Capital Value	=	£190,000
N.A.V. @ 9%	=	£ 17,000
R.V. @ 0.63%	=	£107.73
Say	=	£115.00

**Method 3:**

Ground Floor Retail Area	905sq.ft. @ £14.00	=	£12,670
Entrance & Toilets	215sq.ft. @ £ 6.00	=	£ 1,290
Stores	828sq.ft. @ £ 1.85	=	£ 1,531
First Floor Area	1,237sq.ft. @ £ 2.00	=	<u>£ 2,474</u>
			£17,965
	N.A.V. £18,000 @ 0.63%	=	£113.40
	Say	=	£115.00

Mr. Conroy offered comparisons in Midleton as follows:-

- 1) **Midleton Arms**  
1992 First Appeal  
R.V. £100  
Purchase Price: £210,000
  
- 2) **Mary O'Farrell**  
1990 First Appeal  
R.V. £38

A written submission was received on the 13th June, 1994 from Mr. Eamonn O'Kennedy of O'Kennedy & Company, Valuation & Rating Consultants, on behalf of the appellant.

In the written submission Mr. O'Kennedy described the property and said that it was an old premises in poor condition. He said that there were plans for refurbishment but they had been postponed. He said that the ground floor had a plain finish with mainly plastered walls and ceilings. He said that the property was in a secondary location in Church Lane.

Mr. O'Kennedy said that the original assessment of the valuation at £115 was based on an estimated turnover of £4,500 per week. He said that this was well in excess of the actual turnover. He said that accounts produced to the Valuation Office had indicated that turnover in the subject premises was declining for some time. In his opinion, he said, the open market rental value of the premises is £13,000 and this figure was based on assessment of turnover as follows:-

1990	£178,000
1991	£173,000
1992	£161,000
1993	£152,000

He said that average turnover was £165,000

less 20% to equate to 1988 =	£132,000
@ 8% =	£ 10,500
plus first floor residential	<u>£ 2,500</u>
Net Annual Value	£13,000

On this basis, he said, that a fair rateable valuation on the subject premises would be £80.

Mr. O'Kennedy offered one comparison as follows:-

**The Middleton Arms**

1991 Revision

R.V. £100

This is a much superior premises in Main Street, Middleton with turnover very much in excess of the subject.

**Oral Hearing:**

The oral hearing took place herein in the City Hall, Cork on the 15th June, 1994. The appellant appeared personally and the respondent was represented by Mr. Peter Conroy of the Valuation Office.

The parties gave evidence in accordance with the precis which had been delivered and Mr. O'Riordan emphasised that the premises was in a run down condition with old carpets and furniture. He conceded that with some investment in new equipment the turnover figures could be improved.

Mr. O'Riordan emphasised that the premises was in a secondary location notwithstanding Mr. Conroy's insistence that it was just a short distance off the Main Street. He claimed that the Midleton Arms, used as Mr. Conroy's Comparison No: 1, was in a much better location in that it was on the Main Street.

Both parties agreed that the premises could trade better if improvements in furnishing and presentation were made.

Mr. Conroy argued that the Tribunal would have to consider passing rents for ordinary retail premises as Mr. O'Riordan had been involved in a profitable letting to Xtra Vision nearby. Mr. Conroy also drew the attention of the Tribunal to the retail area rentals for the Mary O'Farrell comparison.

**Conclusion:**

The Tribunal finds that the most objective assessment of N.A.V. available is that of Mr. Conroy when dealing with turnover. It is noted that his percentage used to calculate N.A.V. from turnover is higher than that used in the Midleton Arms case. This approach may be explained by the fact that the Midleton Arms does a higher proportion of its trade in food with a lower mark up.

Adopting Valuation Method No. 1 of Mr. Conroy and applying the ratio of 0.5% the Tribunal determines rateable valuation of the subject at £87.

The Tribunal feels constrained to apply the lower ratio of R.V/N.A.V. on the basis of the decision in *VA92/6/029 - M.F. Kent & Company* which related to valuations in the area outside Cork city.

The valuation of £87 fixed on the subject may be revised in the event of the M.F. Kent appeal indicating some other ratio or in the event of other comprehensive evidence indicating a different ratio emerging.

