

Appeal No. VA95/2/001

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

Joseph Rickard, Pierhouse Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed shop at 27, Harbour Road, Howth, D.E.D. Howth, R.D. Dublin - Fingal, Co. Dublin

Quantum - Method of Valuation

B E F O R E

Mary Devins

Solicitor (Acting Chairman)

Con Guiney

Barrister

Barry Smyth

FRICS.FSCS

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 26TH DAY OF MARCH, 1996

By Notice of Appeal dated the 17th day of May 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £300 on the above described hereditament.

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

"it is excessive."

The Property:

The subject premises is a two storey licensed premises built of stone and brick. It was previously a guest house and is terraced with adjoining premises on both sides. It is located at Harbour Road, Howth near the junction with Abbey Street and directly facing the East Pier. The ground floor area is concrete. First floor areas have timber floors throughout. The accommodation comprises:-

Ground floor: Bar, pool room, various stores and gents toilets.

Bar & pool room	1,496 sq.ft.
Stores	472 sq.ft.

First floor: Lounge, ladies and gents toilets and an office.

Lounge	1,270 sq.ft.
Office	124 sq.ft.

Valuation History:

In 1970 two valuation lots with rateable valuation of £35 and £20 respectively, were revised and amalgamated. RV £170. In 1991 revision the property was listed by the Local Authority for revision of rateable valuation. On revision the valuation was increased from £170 to £320. On 1991 first appeal the valuation of £320 was reduced to £300. It is against this determination of the Commissioner of Valuation that an appeal lies to the Tribunal.

Written Submissions:

A written submission was received on the 16th day of February 1996 from Mr. Patrick J. Breslin, MIAVI, Valuer and Auctioneer of Breslin & Company on behalf of the appellant.

In his written submission, Mr. Breslin gave a description of the subject premises and its location. Mr. Breslin did not give an estimate of rateable valuation in the written submission, but said that the subject premises was considerably disadvantaged in terms of its location and in terms of the nature of the buildings. He submitted trading figures, certified by John McElhinny, Accountant, clearly showing that expenditure in 1990 had had little effect on turnover. In support of his proposal that the rateable valuation was too high on the subject

premises Mr. Breslin adduced one comparison, namely, **Waterside Licensed Premises, Harbour Road, Howth**, revised 2/5/95 with a rateable valuation of £270. The Tribunal also received copies of the Annual Report and accounts of the Pierhouse Limited for the years ending December '89, '90 and '91.

A written submission was also received by the Tribunal on 29th day of February 1996 from Mr. John McElhinny of Messrs. John McElhinny & Company, Chartered Accounts, entitled "Estimation of NAV", analysing the accounts as a basis for the calculation of NAV.

A written submission was received on the 21st day of February 1996 from Mr. Tom O'Flynn, B.Agr.Sc, MIAVI, Grad. Dip (P. + D. Econ), a Valuer with 15 years experience in the Valuation Office on behalf of the respondent.

In the written submission, Mr. O'Flynn set out the grounds of appeal, a description of the subject premises and its valuation history. He set out his calculation of rateable valuation on the subject premises on the accounts method as follows:-

Average nett turnover less cost of entertainment - £478,420 (based on turnover for years ending '89, '90 and '91).

NAV @ 10% = £47,842

RV @ 0.63% = £301.40. **Say £300.**

In support of his estimate of net annual value, Mr. O'Flynn offered three comparisons.

1. **The Elphin, Baldoyle Road, Sutton**
RV: £375 1990 first appeal.
2. **Bayside Inn, Bayside, Sutton**
RV: £390 1990 first appeal. Valuation Tribunal reference VA92/4/009.
3. **Baldoyle House, Main Street, Baldoyle**
RV: £340 1994 revision.

Oral Hearing:

The oral hearing took place in Dublin on the 26th day of February 1996 and was resumed on the 29th February 1996. Mr. Patrick J. Breslin appeared on behalf of the appellant. The respondent was represented by Mr. Tom O'Flynn of the Valuation Office. Also present were Mr. Joseph Rickard and Mr. Aidan Rickard of the appellant company and Mr. John McElhinny of Messrs. John McElhinny & Company, Chartered Accountants.

Mr. Breslin referred to his written submission and pointed out that there were in all sixteen licensed premises in Howth and that the subject was at the end of the line. He submitted that the property was not a purpose built licensed premises and therefore had restrictions in terms of layout and space and that it needed constant maintenance because of its exposed location on the sea front.

Referring to Mr. O'Flynn's comparisons, Mr. Breslin submitted that the Elphin and the Bayside Inn were not comparable in terms of location, size or condition. Referring particularly to Baldoyle House, Mr. Breslin emphasised that while it was approximately two and a half times the size of the subject and located in the centre of the suburb of Baldoyle, its rateable valuation was only £340 as compared to the rateable valuation of £300 on the subject.

Mr. Joseph Rickard gave evidence that his property was the only union house in Howth and as a result that wages, costs and holiday entitlements were higher than those of his competitors. He said that the upstairs lounge was costly to staff but that it was considered necessary in order to hold on to trade as was the music at weekends.

Mr. John McElhinny provided the Tribunal with certified accounts and a useful explanatory memorandum in relation to same.

These have been considered by the Tribunal but as is customary are not appended hereto.

Mr. McElhinny submitted that a potential tenant would take into account the fact that the property is at present a family business, and that there is a relatively small differential in pay between bar personnel. He pointed out that the profitability of the upstairs lounge would be taken into account also. In his view the upstairs lounge may in fact only be breaking even. Mr. McElhinny concluded by pointing out that while the rateable valuation of licensed premises would seem to be based on turnover, in his view turnover was merely a proxy for

profitability and that the latter with all its complexities and variables must be taken into account.

Mr. O'Flynn submitted that he did not wish to add to his written submission. He assisted the Tribunal and Mr. Breslin by producing details of floor areas and turnover figures for the premises known as the Waterside in Howth, put forward by Mr. Breslin as being the nearest suitable comparison.

Mr. O'Flynn confirmed that the total floor area of the ground floor of the Waterside and Evora premises which together form one rateable hereditament was 2,665 square feet. He submitted that his estimate of turnover of the Waterside as of November 1988 was in the region of £495,092 giving a rateable valuation of £270.

Replying to a question from Mr. Breslin in relation to Baldoyle House, Mr. O'Flynn gave evidence that the rateable valuation of £340 on that property was based on turnover figures of £600,000 giving a net annual value based on a 9% yield of £54,015 and a rateable valuation of £340.

Determination:

The Tribunal accepts the evidence in relation to the trading figures of the subject property and is obliged to Mr. McElhinny for his professional assistance.

In the absence of comparative letting values it has become customary among the valuers to base their estimate of rateable valuations of licensed premises on turnover figures. Turnover figures alone are not sufficient. Other factors too, such as location, potential and physical layout must also be considered. Market value does not relate solely to turnover.

The subject property is somewhat disadvantaged in terms of location and this in turn affects its potential.

In the circumstances and in light of all of the evidence, including the comparative evidence adduced, the Tribunal determines that the correct rateable valuation of the subject hereditament is £250.

