

Appeal No. VA97/5/012

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

Westlodge Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel & Land at Map Reference 1C Seafield, ED Bantry Urban, RD Bantry, Co. Cork

Quantum - Accounts valuation

B E F O R E

Liam McKechnie - Senior Counsel

Chairman

Barry Smyth - FRICS.FSCS

Member

George McDonnell - F.C.A.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 16TH DAY OF FEBRUARY, 1998

By Notice of Appeal dated 15th day of August 1997, the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £920 on the above described hereditament.

The Grounds of Appeal as set out in said notice are:-

"the valuation is excessive, inequitable and bad in law".

1. This Appeal proceeded by way of an oral hearing which took place in Cork on the 29th day of January 1998. Mr. Patrick Nerney BE Chtd. Eng. MIEI. MIAVI., appeared on behalf of the Appellant whilst Mr. Liam Cahill B.A. Valuer, appeared on behalf of the Commissioner. In accordance with practice and as required by the rules of this Tribunal the parties had, prior to commencement of the hearing, exchanged précis of evidence and submitted the same to us. Having taken the oath, both valuers adopted their respective précis as their evidence in chief. From the evidence so tendered the following facts, either agreed or so found, emerged as being material for the purposes of this appeal;
 - (a) The subject property, which is a well known hotel, is located about one mile from Bantry which in turn is about 56 miles from Cork. It is situated on the main Dunmanway/Cork road with its elevated position offering attractive views over Bantry Bay,
 - (b) The property was first constructed and first opened for business in about 1970 when it had sixty bedrooms. Throughout the years following many improvements, extensions and alterations were carried out. In 1977/1978 a leisure centre including a swimming pool, sauna and squash court were erected. In addition, an extension to the bar, a stage block, stores and toilets were built. In 1981/1982 further substantial improvements took place. Thirty bedrooms were added as well as a snooker room, extra staff rooms and a squash court. This policy of enlargement and upgrading continued in the years following. In 1995 further substantial works were executed. The original leisure centre was demolished. In its place a new health and leisure complex was built.

This included a swimming pool, a sauna, jacuzzi, steamroom and aerobics hall. One squash court was retained but upgraded. The second was modified by the installation of a second floor with multi purpose use including a gamesroom, indoor bowls etc. One of the original bedroom blocks was modernised and new bay windows were installed in the front elevation.

Overall the works cost between £600,000 & £700,000.

- (c) The floor areas of the above described hereditament are agreed. Prior to the 1995 works the total area was 66,855 sq.ft. Deduct from this 4,995 sq.ft. being the old leisure centre and add 14,289 sq.ft. being the replacement health/leisure centre gives an existing floor area, as agreed, of 76,149 sq.ft. The net addition following the more recent works amounts to 9,294 sq.ft.
 - (d) This property has a valuation history going back to its first revision in 1971. Throughout the years it has been revised on several occasions. Most recent, prior to 1995, was in 1993 when ultimately by decision of this Tribunal given on the 12th May 1995 an R.V. of £800 was placed thereon. This devalued at £2.40 p.s.f.
 - (e) Following the completion of the latest editions this property was revised in 1996 when at both revision and first appeal stage a valuation of £920 was placed thereon. It is against this figure that the appellant company now appeals to this Tribunal.
2. On behalf of the ratepayer Mr. Nerney alleges that this valuation is excessive and that despite the recent works the true and correct valuation should remain at £800. He bases this submission on his preferred method of valuation namely that based on accounts. In the extracts as presented to us it would appear that both the sales and gross profit figures for the years 1996 and 1997 have remained virtually the same and accordingly, the argument goes, that since there has been no increase in either figure then the 1995 works were necessary only to maintain the existing business and had no direct effect in increasing the underline profitability.
 3. Mr. Cahill's approach is quite different. He believes that the preferred method of valuation should be that based on comparative evidence where the same is available.

In this case he essentially relies on the 1995 judgment of this Tribunal when dealing with the subject property in its then condition. As will be recalled the rateable valuation of £800 devalues at £2.40 p.s.f. In addition he has referred us to the Blarney Park Hotel but this only supporting his primary method of valuation.

4. The task before this Tribunal is to determine, what the hypothetical tenant would pay as rent, taking one year with another for the premises in its actual state and condition. See Section 11 of the Valuation (Ireland) Act of 1852 as amended by Section 5 of the Valuation Act, 1986. There is no one method which is sacrosanct and which must be followed in order to ascertain the required N.A.V. Everything will depend on the individual circumstances of each given case. In the instant appeal we have been asked to consider the appropriateness of the evidence adduced by Mr. Nerney as against the comparative basis as advanced by Mr. Cahill. For the reasons following, we are satisfied, in this case, that the approach as has been suggested by the appeal valuer is correct and is more appropriate to determine the relevant N.A.V. which must apply for the purposes of calculating the resulting rateable valuation.

5. This Tribunal has analysed the limited figures and therefore the limited information made available to us on the accounts basis. There is no doubt but that the sales figures for the years 1996 & 1997 have remained vitually static though, at £1.75 million there has been an increase of almost £400,000 over 1995. Equally so with the gross profit figures for the same years, even though the 1996 figure is about £320,000 greater than that obtained in the preceding year. However, there are two principal points of concern to us when looking at the available information. Firstly, the admitted expenditure of somewhere between £600,000 & £700,000, for the 1995 works, is not readily identifiable within or from the information supplied. Secondly, and of considerable significance is the way in which the accounts have treated and have reflected the repairs/renewals which have been carried out to this property for the six years up to 1997. In 1992 the sum of £180,000 is attributable, under this heading, in the accounts, in 1993 the figure is £108,000, in 1994 it is

£86,000, in 1995 it is £384,000, in 1996 it is £172,000 and in 1997 it is £146,000. So overall, in this period, there is well over £1 million attributable to "repairs/renewals" that is in addition to the capital expenditure for the 1995 works. No explanation was given as to the type, kind and extent of works carried out which, over this period, cost well in excess of £1 million. Accordingly, even if otherwise we were inclined to so do we cannot proceed on the accounts information available, as it would be unsafe and unreliable to so do.

6. It follows from the foregoing that we prefer the approach as suggested by Mr. Cahill. In this context we are satisfied beyond question that the most striking and compelling evidence available is that as contained in the judgment of this Tribunal given in May 1995. As previously stated the agreed area of the Hotel at that revision, was 66,855 sq.ft. The R.V. of £800 devalued at £2.40 p.s.f. Since then the 1995 works have been carried out at the agreed cost of £600,000/£700,000. Furthermore as the accounts showed, very considerable sums of money have in addition been spent on this property in the years 1995/1996 & 1997. Therefore in our view it is quite impossible to believe that the hypothetical tenant, as envisaged in Section 11, would not be prepared to pay more as rent, for this property in the post 1995 situation as would have been on offer prior to 1995. There is no question whatsoever but that the property has been improved and has been improved significantly. Not only in terms of appearance but also in terms of substance given the construction of a new modern and fully equipped and fitted out health and leisure centre. We are therefore in no doubt that the Commissioner was fully justified in calculating the N.A.V. at about £184,000 which when converted by applying the agreed fraction of 0.5% gives a resulting R.V. of £920.
7. Accordingly this appeal fails and we affirm the R.V. of £920.

