

Appeal No. VA90/1/011

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

**Hugh O'Neill**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Licensed House, yard and garden at Lot No's. 1,2 & 6 Millessiagh, R.D. Stranolar, Co. Donegal  
Quantum - Trading position

**B E F O R E**

**Henry Abbott**

**Barrister Chairman**

**Padraig Connellan**

**Solicitor**

**Veronica Gates**

**Barrister**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**DELIVERED ON THE 30TH DAY OF AUGUST, 1990**

By notice of appeal dated day of 27th April, 1990, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £85 on the above described hereditament.

The grounds of appeal are that (1) the valuation is excessive; (2) the valuation is bad in law; (3) no account has been taken of the Net Annual Value in determining the rateable valuation on this hereditament; (4) no account has been taken of the profitability of this business or the changing trading pattern this type of premises has experienced over the years.

The property is a modern building in the village of Ballindrait, 3 miles from the border at Strabane. It comprises a bar, function room, stores, toilets, car parking and an enclosed yard. There is a six bedroom residence on the upper floor.

A written submission was received from Mr. Christopher Hicks, a valuer in the Office of the Commissioner of Valuation on the 23rd August 1990. Mr. Hicks said that this building was constructed during the 1970's. He said that in 1979 when the current occupier purchased it for £100,000 and shortly afterwards spent £30,000 on improvements. At this time the rateable valuation was fixed at £100.

Mr. Hicks said that in 1989 Mr. O'Neill requested a revision on the grounds that the rateable valuation of £100 was excessive. He said that the result of this revision was that part of the property was valued separately with an R.V. of £35 fixed on it and the description: Hall, (disused). He said that the remainder was valued at £50. He said that this gave an overall reduction from £100 before revision to a total of £85 after revision. Both of these valuations were then appealed to the Commissioner and in April 1990 the Commissioner amalgamated the two appealed valuations giving a single rateable valuation of £85 i.e. no change to the total revised buildings valuation.

Mr. Hicks outlined how the rateable valuation of £85 had been calculated by reference to the calculation of a Net Annual Value as follows: -

**Estimated Capital Value:-**

Residence	£40,000 @ 6% yield	=	£ 2,400
Public house	£70,000 @ 10% yield	=	£ 7,000
Function Room	£20,000 @ 20% yield	=	<u>£ 4,000</u>
	Total NAV	=	£13,000
NAV	£13,4000 @ .63%	=	£84.42 Say £85

**This can be devalued further as follows:-**

Residence	NAV £2,4000 @ .63%	=	£15.12 = £15
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Public house	NAV £7,000 @ .63%	= £44.10	=	£45
Function room	NAV £4,000 @ .63%	= £25.20	=	£25
Total R.V.				£85

Two comparisons were supplied by Mr. Hicks as follows:

(1) "Charlie Brown" Carrowkeel (Sarah Bradley)

This is very similar in all respects to O'Neill's premises:- it is a modern building located ten miles from the border and consists of a residence, bar and a disused function room/disco. When last inspected in 1987 the valuation was broken down as follows: -

Residence	£18	}	
Bar in use	£29	}	<b>RV £95</b>
disused areas &		}	
car park	£48	}	

No figures for turnover were available

(2) J J Greenan, Belleek.

This is a modern non-residential public house located between the border posts at Belleek. A function room is near completion but it is not yet included in the valuation. Valued 89 1st Appeal as follows:-

Estimated Rent £125/week = NAV £6,500 @ .63% = £40.95

R.V. £37 unchanged

Lic'd. turnover 1987:	£51,000	Subject Prop 1987:	£57,964	1988:	£50,000
				1988:	£62,761
				1989:	£48,000
				1989:	£42,341

A written submission was received on the 24th August 1990 from Mr. Patrick McCarroll, Bank Place, The Diamond, Carndonagh, Co. Donegal on behalf of the appellant. Mr. McCarroll says

that this property is located in the village of Ballindrait, a village built on the banks of the river Deele. He said that Lifford the county town is some three miles to the south whilst Raphoe and Letterkenny are respectively four and approximately eighteen miles from the subject property. He said that Ballindrait is located in an agricultural area with little or no industrial enterprises carried on in the vicinity and that Strabane, which is situated in Northern Ireland and from where a large number of Horseshoe Inn's clientele used to come has one of the highest rates of unemployment in Europe.

Mr. McCarroll said that the property comprises of substantial block-built licensed premises with first floor residential accommodation. Externally walls are dashed and roofing consists of a combination of pitched timber framed roof with concrete tiles while the store and the licensed area is made of timber construction having a mineralised felt finish. A dozen doors are of hardwood and the flooring for the greater part is of concrete. Internally the walls are plastered.

Mr. McCarroll outlined the accommodation in the premises as follows:

Public Bar, Stores, Function Room/Disco area, Toilets, Kitchen, Residential accommodation and parking area.

He said that mains, water and a septic tank are connected to this property. He said that the property is beginning to fall into a state of disrepair due to the inability of the current occupier to maintain the building. Mr. McCarroll said that Mr. O'Neill purchased the property in 1979 and to cater for the general increase in business the toilet block was added in 1980 and the bar, storage and toilets were extended in 1982. He said that at the time of purchase there was a strong demand and a high level of trade due to the popularity of live music. He said that at least 70% of the customers came from Northern Ireland but that the following changes have made a major impact on the level of trade for this type of property: -

- (1) An increase in the number of customs, police and army checkpoints causing substantial delays to clients getting to the Horseshoe Inn.
- (2) An increased interest on behalf of the police in Northern Ireland and the gardai in Southern Ireland in the drinking driver.

- (3) Due to increases in the price of drink in 1981, 82 and 83 in Ireland, drink in Northern Ireland was much cheaper.
- (4) The permitting of Sunday trading in Northern Ireland meant that there was no need for the northern drinker to travel south for his Sunday drink and entertainment.
- (5) The exchange difference between the Punt and the Sterling Pound.

Mr. McCarroll said that in the mid 70's and in the 80's several large premises of similar construction were built around the border in the Donegal area. He then briefly outlines the present position of these premises. Mr. McCarroll says that it is evident from the present position of these properties that they have had their day and that the rateable valuation should reflect the changing circumstances and their potential rental value. Mr. McCarroll says that in his opinion the subject property would have a rental value in the region of £50 per week or £2,600 per annum which would yield a rateable valuation of £16.50

Mr. McCarroll outlined the history of the rateable valuation of the property which he said was assessed in 1982 and a rateable valuation of £100 was assigned to it. He said that this was appealed in the late 1980's and the valuation was reduced and apportioned, £50 for the licensed house and garden and £35 for the hall which was described by the revising valuer as disused. He said that the appeal valuer in his wisdom amalgamated both valuations again to £85 and made no change. He said that this is excessive and unreasonable and that the valuation should be again apportioned. Mr. McCarroll attached details of the turnover for the years ended 31st May 1980 - 31st May 1990 and calculated that a rateable valuation of £14 would be appropriate on this basis. Mr. McCarroll submitted the following comparisons:-

- (1) The Oasis, Letterkenny Shopping Centre,  
Letterkenny, Co. Donegal. R.V. £70
- (2) Charley Browns, Quigley's Point, Co. Donegal.

(3) The Sportsman's Inn, Carndonagh, Co. Donegal.

The oral hearing took place on the 29th August 1990 with the appellant represented by Mr. McCarroll and the Commissioner represented by Mr. Hicks. From the outset both Mr. Hicks and Mr. McCarroll agreed that the figures were net of value added tax. The Tribunal finds that the subject premises has suffered a deterioration of business in recent years from a relatively high level in the years 1982, 1983. Both valuers accepted differences in customer behaviour had emerged in border areas in the licensed trade in recent years and Mr. Hicks offered a further explanation that fashions change in relation to popular licensed premises and discos. The disco attached to the premises while extensive seems now to be almost entirely disused and the Tribunal finds that the premises ought in future be described as a licensed premises and disused disco. The Tribunal has found the turnover figures to be a valuable guide in arriving at a fair valuation of the premises but notwithstanding same the Tribunal finds that any potential tenant or purchaser would have regard to a potential of the premises to reach turnover levels achieved in the past and also to achieve higher turnover levels through diversification and better promotion.

Accordingly, the Tribunal finds that an appropriate weekly rent for the licensed portion of the premises including the disco would be £100. Similarly, the rent for the residential portion of the premises should be £30 per week. Having regard to the foregoing and all the circumstances of the case, the Tribunal finds that the rateable valuation of the subject premises be £43.