



Scottish Assessors Association

MISCELLANEOUS PROPERTIES COMMITTEE

Practice Note 24

REVALUATION 2005

Valuation of Historic Buildings Exhibition Rooms Etc.

1.0 INTRODUCTION

- 1.1 This report is to be used for the valuation of Historic Buildings, Stately Homes and similar subjects open to the public. Other purpose-designed visitor attractions or theme parks are the subject of a separate Practice Note (Visitor Attractions). Care should be taken in the valuation of subjects which could straddle both, such as “heritage sites”.
- 1.2 In most cases the property will be occupied primarily for non-domestic purposes such as preservation of the buildings or the estate, “ancestral duty”, providing a setting for display of artefacts, inheritance tax relief, etc. Such use of a property is non-domestic, even if commercial motives are not paramount. Normally the building itself will be a major part of the attraction and not just any “historic” building used to set a theme. If the property is partly used for domestic purposes an entry should also be made in the Council Tax List.
- 1.3 It may be appropriate in some cases to identify different purposes of occupation in identifiably different parts of the property. Even where occupied by the same or related occupier it may be necessary after considering all of the circumstances to make separate entries. For instance the presence of a pay boundary excluding a restaurant or shop, combined with other factors, such as a distinction between the clientele using the exhibition rooms and those using the restaurant or shop, may lead to the making of separate entries for the exhibition rooms and the restaurant/shop.

2.0 BASIS OF VALUE

2.1 GENERAL

It is recommended that all subjects within this category of subject are valued on the comparative basis by reference to gross receipts. Where separate entries are appropriate for shops, restaurants, etc. the separate parts should be valued in accordance with normal practice for such subjects.

2.2 **PERCENTAGE**

Subjects should be valued within the range of 2% to 5% of gross receipts to NAV in accordance with the table at 2.6 below.

2.3 **GROSS RECEIPTS**

Gross receipts should include all entrance fees, reimbursement of free entrance for members and promotions, car parking etc. Income from shops, restaurants, etc. should only be included in gross receipts if separate entries are not to be made for such parts of the lands and heritages. At this stage do not include franchise fees or the gross income from franchised operations (see below at 2.7).

2.4 In cases where no charge is made or opening times are voluntarily restricted in a way which appears out of line with similar properties, notional gross receipts should be adopted by comparison with those properties.

2.5 Gross receipts are being used in this method as an indicator of the suitability of the subject for its purpose. Significant levels of income from a shop or restaurant should be dealt with carefully to ensure that the percentage adopted produces a valuation that is reasonable in relation to any similar shop or restaurant nearby.

2.6 **Recommended percentage of Gross Receipts to NAV**

	Large Mansion House/Palace	Typical Country House with interesting furniture and works of art	Gardens open to the public but little or no ancillary features such as adventure playground etc.	Ruined Abbey /Industrial archaeology sites etc.
Extensive display of Works of Art Furniture and high income but very high maintenance costs	2%	2.5%		
Works of art furniture etc but maintenance costs are not massively greater than income levels	2.5%	3%	3.5%	
Maintenance costs are proportionate to income. Few moveables or ancillary items		3.5%	4%	4.5%

Income normally exceeds costs - usually low level of income and very few if any movable or ancillary items			4.5%	5%
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Generally speaking the upper level would apply to a property that has few overheads. The above table gives guidance on the typical percentages to be applied in various examples.

- 2.7 Any franchise fees received should be added direct to NAV at 50%, and not included with gross receipts.

3.0 DESCRIPTION

- 3.1 It is recommended that the descriptions “Historic Building” or “Exhibition Rooms” be used. “Stately Home” may be misleading in many cases and should be avoided unless absolutely necessary.