



Scottish Assessors Association

COMMERCIAL PROPERTIES COMMITTEE

Practice Note 30

REVALUATION 2005

Valuation of Horse Racecourses

1.0 INTRODUCTION

This practice note applies to the valuation of the five horse racecourses in Scotland.

2.0 BASIS OF VALUATION

In view of the limited rental evidence available, the valuation of Horse Racecourses will be determined using a “quasi revenue” method.

2.1 Initial Valuation

The initial valuation will be calculated by applying the appropriate percentage to the adjusted gross receipts for the last full accounting year prior to 1st April, 2003. In view of the variations in the income of Horse Racecourses from year to year, it is unlikely that there will be any discernible pattern or trend in the receipts which would allow projection and, therefore, the latest adjusted gross receipts should be used as representing those likely to be available to the hypothetical tenant when formulating his rental bid at the statutory valuation date. Where, however, there is clear and positive evidence of any such pattern in the receipts provided, consideration should be given to adjusting upwards or downwards as appropriate, the amount(s) provided.

Appendix 1 provides a list of the income which should be specifically excluded from the adjusted gross receipts.

Appendix 2 sets out the table of percentages to be used and is based on racecourses of average profitability at the different levels of gross receipts.

2.2 Adjustment of Initial Valuation for Profitability

Valuations should fully reflect all the advantages and disadvantages of each racecourse and for information Appendix 3 sets out a number of factors which may affect the profitability and rental value of a Horse Racecourse.

The effect of any advantage or disadvantage should be carefully considered before applying an end adjustment to the valuation produced from the application of the percentages in Appendix 2. End adjustments to be applied will range from +or- 1% to +or- 10% depending on the degree of the advantage or disadvantage.

REVALUATION 2005**Valuation of Horse Racecourses****Statement of Items to be Excluded from Adjusted Gross Receipts for Horse Racecourses**

1.	Tote percentage payment.
2.	Management fees.
3.	Surplus on sale of fixed assets.
4.	SIS Dividends.
5.	Betting shop income, if occupied by Tote.
6.	Lettings – land, if shown as separate entry in the Valuation Roll.
7.	Lettings – buildings, if shown as separate entry in the Valuation Roll.
8.	Lettings – Caravan Sites/Rallies income, if shown as separate entry in the Valuation Roll.

REVALUATION 2005**Valuation of Horse Racecourses**Table of Percentages to be Applied to The Adjusted Gross Receipts

Adjusted Gross Receipts	Percentage to be Adopted	
£250,000	2.56%	Interpolate on a straight line basis
£500,000	3.12%	
£1,000,000	4.25%	
£1,250,000	4.56%	
£1,500,000	4.87%	
£1,750,000	5.18%	
£2,000,000	5.50%	
£2,250,000	5.62%	
£2,500,000	5.75%	
£2,750,000	5.87%	
£3,000,000	6.00%	
£4,000,000	6.50%	
£5,000,000	7.00%	
£6,000,000	7.50%	
£7,000,000	7.87%	

The adjusted gross receipts to be adopted will normally be those available immediately prior to 1st April, 2003.

REVALUATION 2005**Valuation of Horse Racecourses**

Factors that may affect the Profitability of Racecourses and therefore the Rental Value

Factors likely to Increase Profitability		Factors likely to Reduce Profitability	
1.	Good quality racing.	1.	Poor quality racing.
2.	Few abandoned days racing.	2.	Frequent abandoned days racing.
3.	The majority of racing days in Spring, Summer or Autumn rather than Winter.	3.	A relatively large number of racing days in January and February.
4.	A greater proportion of Flat racing days rather than National Hunt.	4.	A greater proportion of National Hunt days rather than Flat Racing.
5.	A large number of racing days on Fridays, Saturdays or Mondays, especially Bank Holidays.	5.	A large number of racing days mid week.
6.	A few days racing only in a year (minimum 3, maximum 27 days).	6.	Many days racing in a year.
7.	A relatively high proportion of adjusted gross receipts attributable to net income from non racing activities and including catering.	7.	A relatively small proportion of adjusted gross receipts attributable to net income from non racing activities and catering.
8.	Regularly featured on the television and radio.	8.	Rarely covered by television and radio.
9.	Modern buildings with hospitality suites, good stabling, secure car parking and fully utilised.	9.	Old buildings under utilised in poor condition, poor stabling and car parking subject to vandalism.

Many of the above factors are interconnected and the quality of the racing may also tend to over-rule some of the factors.