

NON DOMESTIC REVALUATION 2003

CLASS 321

CINEMAS

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1.0 DESCRIPTION

Relevant properties range from single screen cinemas in provincial towns to multi-screen facilities, sometimes set in a large-scale leisure complex. Where applicable, the other leisure complex facilities are dealt with under another classification for valuation purposes, with the cinema element valued in accordance with this scheme.

2.0 DISTRICT RESPONSIBILITIES

District Valuers are responsible for the inspection, completion of the cinema proforma and valuation of all such properties in their Districts.

Multi-classification properties (ie. Leisure complexes) should also be fully referenced and valued by the local District on a consistent basis.

3.0 4TH REVAL BASIS OF VALUATION

The Profits method is applied in all cases. Initial research and analysis of detailed accounts information at 4th Reval enabled a shorthand approach of a percentage of gross receipts to be employed, varied depending on the quality of the subject property normally ranging from 8-11% of gross turnover.

4.0 5TH REVAL BASIS OF VALUATION

The 4th Reval methodology as briefly described above remains fully appropriate and will be retained.

5.0 VALUATION APPROACH

NIA surveys should be prepared by appointment with the owner/operator in the normal way, and the proforma inspection sheet for cinemas completed in each case. The latter is designed to collate and summarise all the relevant valuation factors including location/context, construction, age, interior finishes, number of screens, number of seats per auditorium, admission prices, number and time of showings, staffing levels, ancillary shop (noting if this exclusively services the cinema or other facilities too) and car parking provision. Completed inspection proformas should be attached to all files.

A similar shorthand accounts valuation method has been adopted for 5th Reval. The percentage of gross receipts to be adopted will vary depending on the quality and age of the subject property since these factors impact on its relative profitability.

However, as with all accounts based valuations, relating information in respect of new properties back to the antecedent valuation date presents indexation difficulties. It may be possible to reduce the percentage of gross profits applied over time, but it is considered that indexing the gross receipts themselves back on a reasonable basis, such as RPI or the movement in general admission prices (which tend to be fairly consistent and constitute the major part of overall receipts) is probably a superior way of making the necessary adjustment. Over time, analyzing the resultant valuation on a price per seat basis against the best comparisons may serve as a useful check. The precise approach to these indexation issues can be evolved during the currency of the 5th List as the need arises.

Again, as with most accounts based valuations, any first year trading figures obtained need to be treated with the appropriate caution.

6.0 FORMS OF RETURN

District VLA offices will usually issue letters to operators seeking return of the last three years profit and loss accounts information (where possible) for valuation purposes.

7.0 CONTACTS

In the first instance enquiries should be directed to the District Valuer of the relevant VLA office.