



Work in Progress

Formula for Valuation

	\$
Total WIP Balances being taken over
Add Expected Write Ups advised by the vendor and accepted by the purchaser

Less Any specific extraordinary write offs, not yet taken, including old WIP	<.....>

Less Allowance for possible Write Offs, % based on firm or industry statistics	<.....>

Less Allowance for Taxation Liability, if the responsibility of the purchaser.	<.....>

Less Value of Work Billed but not yet Undertaken (This adjustment may be taken elsewhere eg against Debtors)	<.....>

Realisable Work In Progress	_____

Determine Net Present Value of Realisable Work in Progress	=====



Debtors

Formula For Valuation

	\$
Total Debtors Balances being taken over
Less Allowance for likely known Bad Debts	<.....>

Less Allowance for possible Bad Debts, % based on firm or industry statistics	<.....>

Collectable Debtors
Less Allowance for Taxation Liability if responsibility of the purchaser (usually only if a sole practice)	<.....>

Less Value of Work Billed and not yet Undertaken (do adjustment here if not done in WIP valuation)	<.....>

Less Charge for Collection of Debtors	<.....>

Realisable Debtors	_____
Determine Net Present Value of Realisable Debtors	=====