



CLOSED

Liquidation Valuation Services

DDP's Valuers perform Liquidation Valuation Services which is a legal process when a person or business entity has closed down due to insolvency. It is important to remember that "liquidation" is the difference between tangible assets and the company's liabilities (debts).

Liquidation may occur when:

- A company or close corporation is declared insolvent as a result of the company's liabilities exceeding that of the value of its assets.

- The company or close corporation is unable to pay its debts when they are due; and
- When no trading is taking place.

According to South African law, shareholders, directors or members cannot be held liable for the business debt unless the shareholder, director, or member puts up personal security or suretyship. The process of liquidation is thus unique for each business and requires expert assistance.



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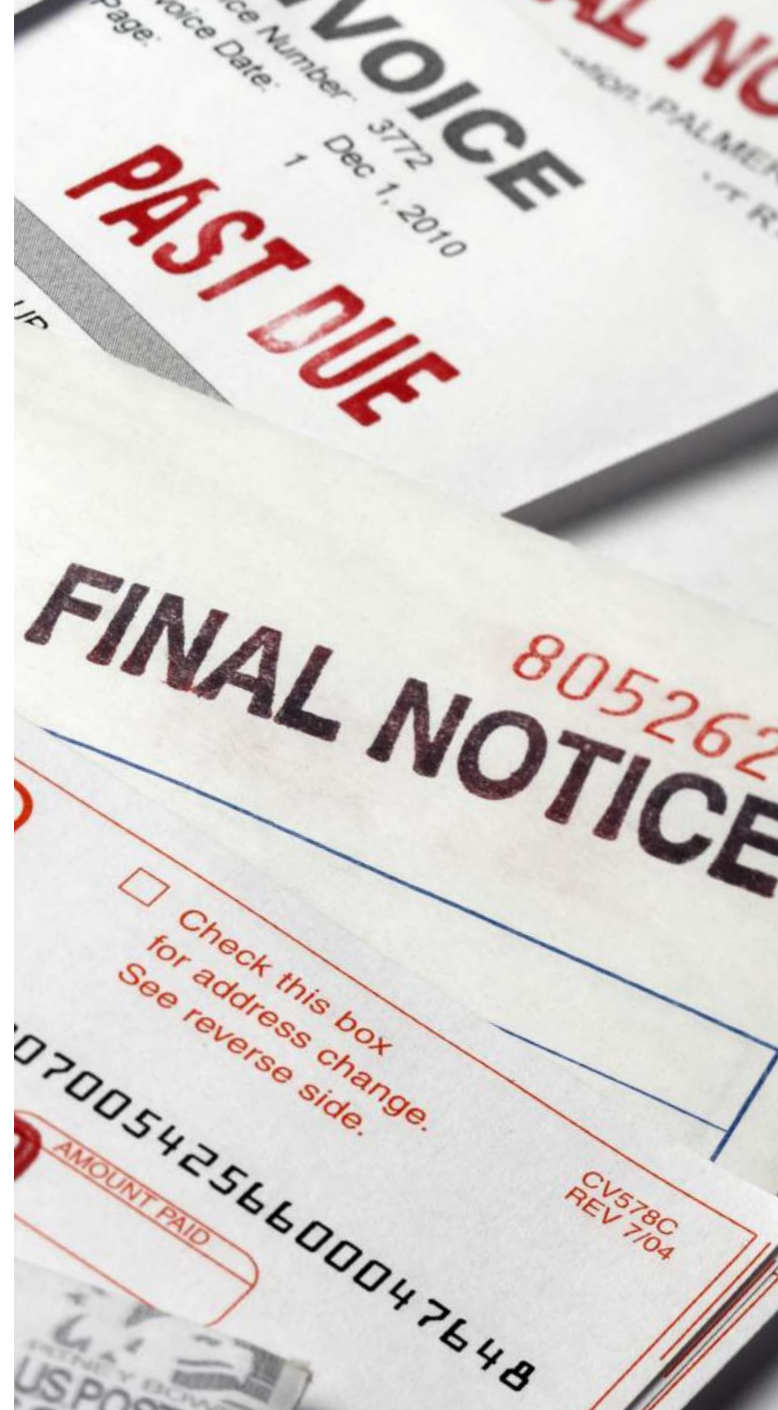
DDP evaluates the company's assets by measuring the total worth of the physical assets that could potentially be sold if they were to be liquidated in the immediate future, rather than the business being run as a going concern. The assets are valued at market value. Given that liquidation sales imply that the seller is not a willing participant, a secondary value (Forced Sale Value) is also reflected.

Fixed assets, which may include real estate properties, manufacturing plants, manufacturing equipment, vehicles, office furniture, computers and office supplies; may also be evaluated. The costs of these assets may or may not be part of a company's cost of goods sold, but regardless, they are assets that hold real transactional value for the company.

Determination of Market Value

Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Source: *International Valuation Standards, (Effective 31 January 2020).*



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