

INSTRUCTIONS PROBABLE ASSET/SHARE RATIO

The Probable Asset/Share Ratio (PAS) reflects a credit union's financial condition based on an on-going concern concept. Differences between market value and book value are not likely to materialize.

ADDITIONS

1. Cash is considered to be book value less any known potential losses.
2. Loans are valued at book value net of probable estimated loan losses (ALLL).
3. Investments are valued at book value less any known losses. However, if there is a likelihood that a long-term investment will need to be liquidated prior to maturity, it will be valued at the current market value.
4. Fixed assets are valued at book, except when major fixed assets are not in use or are in the process of being sold. In these instances, the asset is valued at its probable market value.
5. All other assets are valued at the most realistic value to the credit union, usually not to exceed book value.

DEDUCTIONS

1. Notes payable are valued at book.
2. Accounts payable are valued at book.
3. Other liabilities are valued at book.
4. Contingent and/or unrecorded liabilities are valued at the most realistic known value. This item should include any unrecorded dividends not accrued for the accounting period.
5. Subsidiary ledger differences are deducted if the credit union is likely to suffer a loss due to the problem.
6. Other Losses includes all other known losses. Do not include deficits in undivided earnings or net losses because they have already reduced assets if properly recorded.

Total (A) is the combined value of assets. Total (B) is the combined value of deductions and is subtracted from (A) to obtain the net value of assets to the on-going concern.

The Probable Asset/Share Ratio is computed by dividing the net value of assets by the total of all shares. The resulting ratio reflects the relative worth of \$1 of shares in the credit union using an on-going concern concept.

PROBABLE ASSET/SHARE RATIO

(Continuing Credit Union)

	Book Value	Market Value
<u>ADDITIONS:</u>		
Cash		
Loans		
Investments		
Fixed Assets		
Other Assets		
Total (A)	0	0
<u>DEDUCTIONS:</u>		
Notes Payable		
Accounts Payable		
Other Recorded Liabilities		
Contingent and/or Unrecorded Liabilities		
Subsidiary Ledger Differences (Losses)		
Other Losses		
Total (B)	0	0
Net Value of Assets (A – B)	0	0
Total Shares	1	1
Probable Asset/Share Ratio	0%	0%