

Business Adjustments

The final matter is the adjustment of the income from letting business (ie. Letting commissions and other income). These adjustments are usually agreed upon between you and the Seller at the pre-settlement tuition. I do not have access to the books of the business and as such, they remain your responsibility.

As such, I advise you of your legal position as follows:-

- The Sellers are entitled to profits and takings (i.e. Commissions) up to and including the day before settlement and you are entitled to profits and takings (i.e. Commissioners) from and including the day of settlement.
- You are entitled to commissions on all deposits (if applicable) and all rental paid before the day of settlement. If the Seller has already received payment of this commissions, they must pay these amounts to you.
- The Seller is entitled to commissions on all rental received after the day of settlement with respect to periods up to the day of settlement (i.e. for rental received in arrears, the commission that will be received remains the property of the Seller).
- If the commissions are to be apportioned, then they are to be calculated as if they are earned and payable on a daily basis (i.e. if the rent was \$500/week, and the commission was \$62.50, this would amount to \$8.93/day).

You may wish to adjust each item individually or agree on a general figure based on the estimated monthly income of the business.

Your desired method of adjustment is something that should be discussed with and agreed to with the Seller during your tuition period before settlement so that there are no post settlement adjustment disputes.

Whilst the Contract provides that all adjustments are to be made on completion, in reality some adjustments will occur after settlement. For example, when collecting rentals in arrears, you are deemed to be an agent for the Seller to collect the commissions on a monthly or otherwise agreed bases.

This means you could agree at settlement to calculate who owes who (i.e. whichever is the greater):

- The commissions the Seller has already drawn for rental paid in advance which you are entitled to; or
- The commissions which will relate to rent in arrears that you will hopefully receive.

