

Chapter - 4: Liquidator's Accounts

Example - 4:

Maya Ltd. (In Voluntary Liquidation) Liquidator's Final Statement of Account

Receipts	Amount	Payments	Amount
To Cash and Bank	12,100	By Secured Creditors	--
To Realization of Assets:		By Liquidator's Expenses	29,590
Land & Building	4,20,000	(W.N. - 1)	
Machinery	1,10,000	By Pref. Creditors (W.N. - 2)	54,000
Stock	55,000	By Debenture holders	
Debtors	45,000	12% Debenture	1,00,000
Surplus on payment		Add: O/s Interest	12,000
to creditors of loan	25,000	Add: Int. of 3 months	3,000
(75,000 - 50,000)	6,55,000	(1,00,000 × 12 % × 3/12)	1,15,000
		By Unsecured Creditors	1,44,000
		(W.N. - 2)	
		By Pref. Shareholders	--
		By Equity Shareholders	3,24,510
		(Remaining amount)	
	6,67,100		6,67,100

W.N. - 1: Liquidator's Expenses and Remuneration

Particulars	Amount
Liquidation Expenses	10,000
Add: 2% remuneration on assets realized (6,55,000 × 2%)	13,100
Add: 2% remuneration on amount distributed to shareholders (3,31,000 × 2/102)	6,490
TOTAL	29,590

Suppose, amount paid to shareholders are	100	3,24,510
Add: Remuneration	2	(?) 6,490
Before remuneration	102	3,31,000

W.N. - 2: Preferential Creditors and Unsecured Creditors

Particulars	Preferential Creditors		Unsecured Creditors
	Creditors	Creditors	
Provident Fund	18,000		--
Sundry Creditors	--		1,37,500
Salary of clerk (7,500 × 4/5)	6,000		1,500
Income-tax of 31-8-2018	--		5,000
Local tax (35,000 - 5,000)	30,000		--
TOTAL	54,000		1,44,000

Example - 6:

Shital Ltd. (In Voluntary Liquidation)
Liquidator's Final Statement of Account

Receipts	Amount	Payments	Amount
To Cash and Bank	20,000	By Secured Creditors	--
To Realization of Assets:		By Liquidator's Expenses	31,750
Land & Building	2,45,000	(W.N. - 1)	
Plant & Machinery	1,85,000	By Pref. Creditors (W.N. - 2)	23,000
Investments	70,000	By Debenture holders	
Stock	36,000	10% Debenture	1,50,000
Debtors	44,000	Add: O/s Interest	7,500
	5,80,000	Add: Int. of 3 months	3,750
To Calls-in-arrears received from C Equity Shares	40,000	(1,50,000 × 10 % × 3/12)	1,61,250
To 'C' Eq. shareholders (W.N. 3)	4,000	By Unsecured Creditors	54,000
		(W.N. - 2)	
		By 12% Pref. Shareholders	3,00,000
		By 'A' Eq. shareholders (W.N. 3)	64,000
		By 'B' Eq. shareholders (W.N. 3)	10,000
	6,44,000		6,44,000

W.N. - 1: Liquidator's Expenses and Remuneration

Particulars	Amount
Liquidation Expenses	12,810
Add: 3% remuneration on assets realized (5,80,000 × 3%)	17,400
Add: 2% remuneration on amount paid to Pref. creditors (23,000 × 2%)	460
Add: 2% remuneration on amount paid to unsecured creditors (54,000 × 2%)	1,080
TOTAL	31,750

W.N. - 2: Preferential Creditors and Unsecured Creditors

Particulars	Preferential Creditors		Unsecured Creditors
	2019-'20	2018-'19	
Provident Fund	17,000		--
Sundry Creditors	--		30,000
Bills Payable	--		20,000
4 months' salary of two clerks	3,000		--
Unpaid income tax	3,000		4,000
TOTAL	23,000		54,000

W.N. - 3: Payment to Equity Shareholders

After payment of Pref. shareholders balance left is ₹ 70,000.

$$\text{Capital Deficiency} = \text{Total amount of Eq. share capital} - \text{Surplus}$$

$$= ₹ 3,40,000 - ₹ 70,000 = ₹ 2,70,000$$

Distribution of Capital Deficiency

As the face value of all classes of equity shares is equal, the deficiency will be divided in the proportion of no. of shares

A	1,000 shares	
B	2,500 shares	
C	4,000 shares	10:25:40

So, the ratio of no. of shares of all classes are 2 : 5 : 8.

Capital Deficiency of A eq. shares = $2,70,000 \times 2/15$	= ₹ 36,000
Capital Deficiency of B eq. shares = $2,70,000 \times 5/15$	= ₹ 90,000
Capital Deficiency of C eq. shares = $2,70,000 \times 8/15$	= ₹ 1,44,000

Amount to be Called or to be Returned:

	Paid up capital	-	Capital Deficiency	=	Difference
A	1,00,000	-	36,000	=	64,000 Returned
B	1,00,000	-	90,000	=	10,000 Returned
C	1,40,000	-	1,44,000	=	-4,000 Called

Example - 50:

**Devang Ltd. (In Voluntary Liquidation)
Liquidator's Final Statement of Account**

Receipts	Amount	Payments	Amount
To Cash and Bank	1,50,000	By Secured Creditors	--
To Realization of Assets	14,00,000	By Liquidator's Expenses (W.N. - 1)	1,25,000
To Surplus on payment of Secured Creditors (2,00,000 - 1,00,000)	1,00,000	By Preferential Creditors	60,000
		By Debenture holders	
		12% Debenture	3,00,000
		Add: O/s Interest	20,000
		Add: Int. of 3 months	9,000
		(3,00,000 × 12 % × 3/12)	3,29,000
		By Unsecured Creditors	5,40,000
		By 10% Pref. Shareholders	
			4,00,000
		Add: Pref. Dividend	40,000
			4,40,000
To 'B' Eq. shareholders (W.N.2)	64,000	By 'A' Eq. shareholders (W.N.2)	2,20,000
	17,14,000		17,14,000

W.N. - 1: Liquidator's Expenses and Remuneration

Particulars	Amount
Liquidation Expenses	52,000
Add: 5% remuneration on assets realized (14,00,000 × 5%)	70,000
Add: 3% remuneration on Surplus from fully secured creditors (1,00,000 × 3%)	3,000
TOTAL	125,000

W.N. - 2: Payment to Equity Shareholders

After payment of Pref. shareholders balance left is ₹ 1,56,000.

Capital Deficiency = Total amount of Eq. share capital - Surplus

$$= ₹ 12,00,000 - ₹ 1,56,000 = ₹ 10,44,000$$

Distribution of Capital Deficiency

As the face value of all classes of equity shares is equal, the deficiency will be divided in the proportion of no. of shares

A	1,00,000 shares	
B	80,000 shares	100 : 80

So, the ratio of no. of shares is 5 : 4.

Capital Deficiency of A eq. shares = $10,44,000 \times 5/9$ = ₹ 5,80,000

Capital Deficiency of B eq. shares = $10,44,000 \times 4/9$ = ₹ 4,64,000

Amount to be Called or to be Returned:

	Paid up capital	-	Capital Deficiency	=	Difference	
A	8,00,000	-	5,80,000	=	2,20,000	Returned
B	4,00,000	-	4,64,000	=	-64,000	Called

Guj. Uni. Jan. 21:

**Prince Ltd. (In Voluntary Liquidation)
Liquidator's Final Statement of Account**

Receipts		Amount	Payments		Amount
To Cash and Bank		43,560	By Secured Creditors		--
To Realization of Assets:			By Liquidator's Expenses		1,04,760
Land & Building	15,12,000		(W.N. - 1)		
Machinery	3,96,000		By Pref. Creditors (W.N. - 2)		1,90,800
Stock	1,98,000		By Debenture holders		
Debtors	1,62,000	22,68,000	12% Debenture	3,60,000	
To Surplus on payment to creditors of loan (2,70,000 - 1,80,000)		90,000	Add: O/s Interest	43,200	
			Add: Int. of 3 months	10,800	4,14,000
			($3,60,000 \times 12\% \times 3/12$)		
			By Unsecured Creditors (W.N. - 2)		5,22,000
			By Pref. Shareholders		--
			By Equity Shareholders (Remaining amount)		11,70,000
		24,01,560			24,01,560

W.N. - 1: Liquidator's Expenses and Remuneration

Particulars	Amount
Liquidation Expenses	36,000
Add: 2% remuneration on assets realized ($22,68,000 \times 2\%$)	45,360
Add: 2% remuneration on amount distributed to shareholders ($11,93,400 \times 2/102$)	23,400
TOTAL	104,760

Suppose, amount paid to shareholders are	100	
Add: Remuneration	2	(?) 23,400
Before remuneration	102	11,93,400

W.N. - 2: Preferential Creditors and Unsecured Creditors

Particulars	Preferential Creditors		Unsecured Creditors
Provident Fund	64,800		--
Sundry Creditors	--		5,04,000
Salary of clerk	18,000		--
Local tax	1,08,000		18,000
TOTAL	1,90,800		5,22,000