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Subject-Specialised Accounting
Topic:-Liquidation



Problem 15

X Ltd. went into voluntary liquidation on 1st September, 2017. From the following information, prepare liquidator's Final Statement of Account :

Liquidation Estate :

Building ₹ 1,50,000; Machinery ₹ 1,65,000; Goodwill ₹ 14,000, Inventories ₹ 1,00,000; Trade Receivables ₹ 1,80,000; Cash and Cash Equivalents ₹ 14,500

Equity and Liabilities :

Share Capital : 29,500 Equity Shares of ₹ 10 each 2,95,000

Secured Creditor on Building ₹ 1,30,000.

Workmen's dues for 16 months ₹ 80,000

Employee's dues for 8 months ₹ 1,00,000

Unsecured creditors (including financial debts ₹ 55,000 owed to unsecured creditors) ₹ 1,35,000)

Amount due to Central Government 10,000

The liquidator realised ₹ 5,60,000 from liquidation estate (excluding ₹ 1,35,000 from building). The expenses of insolvency amounted to ₹ 10,50,000 and the liquidator's remuneration amounted to ₹ 50,000.

Solution**Liquidator's Final Statement of Account**

| <i>Receipts</i> | ₹ | <i>Payments</i> |
|--------------------------|----------|---------------------------|
| Cash | 14,500 | <i>Liquidation Cost :</i> |
| <i>Assets Realised :</i> | | Expenses of |
| Sundry Assets | 5,60,000 | Insolvency |
| | | ₹ 10,50,000 |

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|--|---|---------------|-----------------|
| | Liquidator's Remuneration | <u>50,000</u> | 60,500 |
| | Workmen's Dues | | 80,000 |
| | Secured Creditors | | 1,30,000 |
| | Employee's Dues | | 1,00,000 |
| | Financial Debts Owed to Unsecured Creditors | | 55,000 |
| | Amount due to Central Government | | 10,000 |
| | Unsecured Creditors (1,35,000 – 55,000) | | 80,000 |
| | <i>Refund of Capital :</i> | | |
| | 29,500 Equity Shares @ ₹ 2 per Share | | 59,000 |
| | <u>5,74,500</u> | | <u>5,74,500</u> |

Note : Liquidator's Remuneration shall be deducted proportionately from the proceeds payable to each class of recipients and net of deduction shall be paid to them.

Calls on Equity Shareholders and Refund of Preference Share Capital