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Subject:- Financial Accounting

Topic

Consignment



**"Nothing is more
important than
Education"**

Problem 9

A Limited Co., which has paid-up share capital of ₹ 5,00,000 went into voluntary liquidation on 31st March, 2017. The following are the particulars of its assets and liabilities as on that date : Machinery, Stock and Debtors (which realised their book value) ₹ 3,95,000; Cash ₹ 5,000; Creditors ₹ 2,00,000; 6% Debentures carrying a floating charge ₹ 2,50,000 and interest accrued thereon for six months upto 30th September, 2017

The Debentures were paid off with interest upto 30th September, 2017 which date a first and final dividend was also paid to the creditors. Creditors for ₹ 25,000 (Outstanding salary of employees) were preferential and the remainder unsecured. The cost of liquidation amounted to ₹ 2,500. The liquidator is entitled to 3% on the amount realised and 2% of the amount distributable to the unsecured creditors (except preferential creditors) by way of his own remuneration.

Prepare the Liquidator's Final Statement of Account.

Solution

.....Co. Ltd. (in Liquidation)

Liquidator's Final Statement of Account

Receipts	Amount	Payments	Amount
Cash in hand	₹ 5,000	Liquidation Cost	2,500
Realisation of Assets	3,95,000	Remuneration of Liquidators :	
		3% on ₹ 3,95,000	11,850
		2% on ₹ 1,01,127	2,023
		Debentures & Interest	2,57,500
		Pref. Creditors	25,000
		Unsecured Creditors	1,01,127
	4,00,000		4,00,000

Working Note :

Commission on Unsecured Creditors :

$$= \frac{\text{Balance} \times \text{Rate of Commission}}{100 + \text{Rate of Commission}}$$

$$\text{Balance} = 4,00,000 - (2,500 + 11,850 + 2,57,500 + 25,000) = ₹ 1,03,150$$

$$\text{Commission} = \frac{1,03,150 \times 2}{100 + 2} = ₹ 2,023$$