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**Subject-Specialised Accounting**  
**Topic:-Liquidation**



## Problem 5

The Tin Toy Co. Ltd. went into voluntary liquidation on 31-3-2017 when its liabilities were as under :

Secured Creditors	₹ 40,000
Preferential Creditors	8,000
Unsecured Creditors	1,00,000

The liquidator realised ₹ 50,000 from the securities held by the secured creditors and ₹ 12,000 from other assets. Cash in hand amounted to ₹ 2,200.

The cost of liquidation amounted to ₹ 3,980 and the liquidator's remuneration was fixed as 3% on the amount of assets realised and 2% on the amount distributed to unsecured creditors.

Prepare Liquidator's Final Statement of Account and state the distribution made to unsecured creditors per rupee.

## Solution

**Tin Toy Co. Ltd. (in Liquidation)**  
**Liquidator's Final Statement of Account**

Receipts	Amount	Payments	Amount
	₹		₹
Cash in hand	2,200	Liquidator's Remuneration :	
Assets Realised :		3% on ₹ 62,000	1,860
Securities	50,000	2% on ₹ 18,000	360
Other Assets	12,000	Liquidation Expenses	3,980
		Secured Creditors	40,000
		Pref. Creditors	8,000
		Unsecured Creditors	
		@ 10 Paise in a rupee	10,000
	64,200		64,200

## Problem 6

A B Ltd. went into liquidation with the following liabilities :

Secured Creditors	₹ 40,000
Securities Realised	50,000
Preferential Creditors	1,200
Unsecured Creditors	61,000
Liquidation Expenses	500

The liquidator is entitled to a remuneration of 3% on the amount realised (including securities in the hands of secured creditors) and 1.5% on the amount distributed to unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realised ₹ 52,000.

Prepare the liquidator's statement of account showing the payments made to the unsecured creditors.

## Solution

**A B Ltd. (in Liquidation)**  
**Liquidator's Final Statement of Account**

Receipts	₹	Payments	₹
Assets realised	52,000	Liquidator's Remuneration	
Surplus from Secured Creditors		(W.N. 1)	3,924
(₹ 50,000 - 40,000)	10,000	Liquidation Expenses	500



		Preferential Creditors	1,200
		Unsecured Creditors (W. N. 2)	56,376
	62,000		<u>62,000</u>

*Working Notes :*

1. *Calculation of Liquidator's Remuneration :*

$$3\% \text{ of } ₹ 52,000 + 50,000 = \left( ₹ 1,02,000 \times \frac{3}{100} \right) \dots \quad ₹ \quad 3,060$$

$$1.5\% \text{ on Preferential Creditors : } \frac{1,200 \times 1.5}{100} \dots \quad 18$$

1.5% on Payments to Unsecured Creditors

$$(i.e., ₹ 62,000 - 500 - 1,200 - 3,060 - 18) \frac{57,222 \times 1.5}{101.5} \quad 846$$

Total Remuneration 3,924

2. *Payment to Unsecured Creditors : ₹ 57,222 - 846 = ₹ 56,376*

$$\text{Verification } 1.5\% \text{ of } ₹ 56,376 = \frac{56,376 \times 1.5}{100} = ₹ 845.64 = ₹ 846$$