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



**Problem 7**

The Badluck Co. Ltd. went into voluntary liquidation on that date, its statement of affairs was as follows :

Unsecured Creditors stood at ₹ 1,40,000, including ₹ 5,000 for preferential claims (unpaid salary of an employee) and ₹ 1,00,000 financial debts. The secured creditors, secured on plant and machinery stood at ₹ 20,000. Cash in hand was ₹ 20,000.

The liquidator realised from plant and machinery ₹ 15,000 and the other assets realised ₹ 1,10,000.

The expenses of liquidation (besides the liquidator's remuneration) amounted to ₹ 1,000 and the liquidator's remuneration was fixed at 4% of the amount realised and 2% of the amount distributed to unsecured creditors.

Prepare the Liquidator's Final Statement of Account.

**Solution****Badluck Co. Ltd. (in Liquidation)****Liquidator's Final Statement of Account**

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
	₹		₹
Cash in hand	20,000	Liquidator's Remuneration :	
Assets Realised	1,10,000	4% on ₹ 1,10,000 + 15,000	5,000
		2% on ₹ 5,000 + 5,000 (1)	200
		2% on ₹ 3,725	75
		Liquidation Expenses	1,000
		Secured Creditors (2)	15,000
		Preferential Creditors	5,000
		Financial Debt	1,00,000
		Unsecured Creditors	3,725
	<b>1,30,000</b>		<b>1,30,000</b>

Working Note :

Calculation of Liquidator's Remuneration or Amount paid to Unsecured Creditors :

1. Preferential Creditors ₹ 5,000

$10,000 \times 2/10 = ₹ 200$

Add : Debts Owed Secured Creditor  
for unpaid amount

(20,000 - 15,000)

5,000

10,000

2. Amount available for Payment of Unsecured Creditors + Liquidator's Remuneration ₹ 1,30,000

Cash + Assets Realised

5,200

Less : Liquidators Remuneration (5,000 + 200)

1,000

Liquidation Expenses

15,000

Secured Creditors

5,000

Preferential Creditors

1,00,000 1,26,200

Financial Debt

3,800

∴ Remuneration = ₹ 3,800 × 2/102 = ₹ 74.50 or ₹ 75

Amount paid to Unsecured Creditors : ₹ 3,800 - 75 = ₹ 3,725