

LIQUIDATION OF COMPANIES

Qn. 2

Statement of Affairs of Unstable Ltd. as on 30th Sep 2005

				Rs.
<u>Assets not specifically pledged as per list A</u>				ERV
Other Fixed Assets				18,00,000
Current Assets				35,00,000
				53,00,000
<u>Assets specifically pledged as per list B</u>				
Particulars	ERV	Due to secured creditors	Deficiency ranking as unsecured	Surplus carried to last column
Land and Buildings	11,00,000	10,00,000	—	1,00,000
Estimated surplus from assets specifically pledged				1,00,000
Estimated total assets available for preferential creditors, debenture holders having a floating charge and unsecured creditors				54,00,000
<u>Summary of Gross Assets</u>				
Gross receivable value of assets specifically pledged				11,00,000
Other assets				53,00,000
Total				64,00,000
<u>Gross Liabilities (to be deducted from surplus or added to deficiency)</u>				
Gross Liability	Particulars			
10,00,000	Secured creditors as per list B to the extent to which claims are estimated to be covered by assets specifically pledged.			Nil
1,50,000	Preferential Creditors as per list C			(1,50,000)
	Estimated balance of assets available for debenture holders secured by a floating charge and unsecured creditors			52,50,000
Nil	Debenture holders secured by a floating charge as per list D			Nil
	Estimated surplus as regards debenture holders			
	Unsecured Creditors (as pr list E)			52,50,000

20,00,000	Unsecured Loans	20,00,000	
35,00,000	Trade Creditors	35,00,000	
1,00,000	Contingent Liability on Bills Discounted	1,00,000	56,00,000
67,50,000	Estimated surplus as regards creditors being the difference between Gross Assets & Gross Liabilities (64,00,000 – 67,50,000)		(3,50,000)
	Issued & Called up Capital:		
	Preference Share Capital as per list F		Nil
	2,50,000 Equity Shares of Rs. 10 each, fully paid as per list G		(25,00,000)
	Deficiency as regards contributories		(28,50,000)

Qn. 7

Bubble Ltd. Liquidator's Final Statement of Account

Receipts	Rs.	Payments	Rs.	Rs.
Assets Realised:		Liquidator's expenses		3,000
Land & Building	25,000	Liquidator's Remuneration		10,000
Other fixed assets	2,00,000	Debentures having	1,00,000	
Debtors	80,000	a floating charge		
Surplus from Stock pledge for bank loan (W.N. 1)	20,000	Interest	8,000	1,08,000
		Sundry Creditors		2,00,000
		Preference shareholders @ Rs.0.50 per share on 8,000 shares (W No.2)		4,000
	3,25,000			3,25,000

W Note 1

Surplus from Stock pledge for bank loan:

Particulars	Rs.
Realised Value of Stock (80% x 5,25,000)	4,20,000
Less: Bank Loan	-4,00,000
Total	20,000

W Note 2

Amount Payable to Preference Shareholders

Particulars	Rs.
Assets Realised (Rs.25,000 + Rs.2,00,000 + Rs.80,000 + Rs.20,000)	3,25,000
Less: Amount Paid (Rs.3,000 + Rs.10,000 + Rs.1,08,000 + Rs.2,00,000)	-3,21,000
Total	4,000
No of Preference Shares	8,000
Amount Refunded on Each Share	0.5

Qn. 16

Full Stop Limited Liquidator's Statement of Accounts

Receipts	Rs.	Payments		Rs.
Assets Realised:		Liquidation Expenses		86,000
Land & Building	6,20,000	Liquidator's		
		Remuneration (WN1)		46,000
Stock-in-Trade	3,10,000	10% Debenture		2,10,000
Plant and Machinery	7,10,000	Creditors:		
Book Debts	6,60,000	Preferential (W No 2)	1,72,000	
		Unsecured Creditors:		
		Bank Overdraft	4,85,000	
		Trade Creditors	6,00,000	12,57,000
		Return to		
		Contributories		
		Preference		
		Shareholders		
		Capital	5,00,000	
		Arrears of Dividend		
		(W No 3)	1,50,000	6,50,000
		Equity Shareholders		
		(W No 5)		
		Refund of Rs.10.10		
		per Share on 5,000		
		share of Rs. 100 fully		
		paid	50,500	
		Refund of Rs.0.10 per		
		Share on 5,000 share		
		of Rs. 100 Rs.50 paid	500	51,000
	23,00,000			23,00,000

Working Note No. 1 -

Liquidator's Remuneration It has been assumed that liquidators remuneration is payable on realisation from assets

Particulars	Rs.
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Assets realised (2% of Rs 23,00,000)	46,000
(Rs. 6,20,000 + Rs. 3,10,000 + Rs. 7,10,000 + Rs. 6,60,000)	46,000

Working Note No. 2- Preferential Creditors

Particulars	Rs.
Preferential Creditors as per Balance Sheet	1,05,000
Add Income Tax Payable	67,000
	1,72,000

Working Note No. 3- Arrears of Preference Dividend Preference dividend is in arrears for 3 years.

Particulars	Rs.
Preference dividend = 5,00,000 x 10% x 3 Years	1,50,000
	1,50,000

Working Note No. 4- Amount available for payment

Particulars	Rs.
Amount from realisation of Assets	
(Rs. 6,20,000 + Rs. 3,10,000 + Rs. 7,10,000 + Rs. 6,60,000)	23,00,000
Amount paid	
(Rs. 86,000 + Rs. 46,000 + Rs. 2,10,000 + Rs. 12,57,000 + Rs. 6,50,000 +)	22,49,000
Surplus	51,000

Working Note No. 5- Amount Payable to Equity Shareholders

Particulars	Rs.
Total equity capital paid up (Rs 2,00,000 + 1,00,000)	5,50,000
Less: Balance available to equity shareholders after payment to creditors and preference shareholders (No 4)	51,000
Loss to be borne by 10,000 equity shareholders	4,99,000
Loss per share (Rs 4,99,000 ÷ 10,000)	49.9
Amount of refund for 5,000 equity shares of Rs. 100 each Rs. 60 paid (60 – 49.90)	10.1

Total Amount Refunded (5,000 shares x Rs. 10.10)	50,500
Amount of refund for 5,000 equity shares of Rs. 100 each Rs. 50 paid (50 – 49.90)	0.1
Total amount refunded (5,000 shares x Rs. 0.10)	500

Qn. 14

Sum Up Limited Liquidator's Statement of Accounts

Receipts	Rs.	Payments		Rs.
Cash and Bank	50,000	Liquidation Expenses		4,000
Assets Realised:		Liquidator's		
		Remuneration (WN2)		7,000
Machinery	1,66,000	Creditors:		
Furniture	8,000	Preferential	10,000	
Stock (W No. 1)	10,000	Unsecured Creditors	3,50,000	3,60,000
Debtors	2,30,000	Return to		
		Contributories		
		Preference		
		Shareholders		
		Capital		1,00,000
Calls Received:		Equity Shareholders		
		(W No 4)		
Call of Rs.15 per share on 1,800 equity shares of Rs.		Refund of Rs.10 per share on 2,000 equity		
100 each Rs. 75 paid	27,000	shares of Rs. 100 each		
		fully paid up		20,000
	4,91,000			4,91,000

**Working Note No. 1 -
Stock of Raw Material Realised by Bank**

Particulars	Rs.
Realised Value of stock	1,10,000
Less: Secured loan from bank	-1,00,000
Surplus	10,000

Working Note No. 2-

Liquidator's Remuneration

Particulars	Rs.
2% of the amount paid to unsecured creditors	
2% on (3,50,000)	7,000
	7,000

Working Note No. 3- Amount available for payment

Particulars	Rs.
Amount from realisation of Assets	
(Rs.50,000 + Rs. 1,66,000 + Rs. 8,000 + Rs. 1,10,000 + Rs. 2,30,000)	5,64,000
Amount paid	
(Rs. 1,00,000 + Rs. 4,000 + Rs. 7,000 + Rs. 10,000 + Rs. 3,50,000 + Rs. 1,00,000)	5,71,000
Deficit	-7,000

Working Note No. 4- Amount Payable to Equity Shareholders

Particulars	Rs.	Rs.
Total equity capital paid up (Rs. 2,00,000 + Rs. 1,50,000 – 200 Shares x Rs.75)		3,35,000
Add: Deficit (Note 3)		7,000
Loss to be borne by 3,800 equity shareholders		3,42,000
Loss per share (Rs 3,57,000 ÷ 3,800)		90
Amount of refund for 2,000 equity shares of Rs. 100 each Rs. Fully paid up (100 – 90)		10
Total Amount Refunded (2,000 shares x Rs. 10)		20,000
Amount of call for 1,800 equity shares of Rs. 100 each Rs. 75 paid (90 - 75)		15
Total amount collected (1,800 shares x Rs. 15)		27,000

Q No.20

Prakash Processors Limited Liquidator's Statement of Accounts

Receipts	Rs.	Payments		Rs.
Cash at Bank	75,000	Liquidation Expenses		27,250
Assets Realised:	6,20,000	Liquidator's		
		Remuneration (WN1)		36,750
Land & Building	3,00,000	Debenture holders		2,10,000
Plant and Machinery	5,00,000	Principal	2,50,000	
Patents	75,000	Interest (W No 2)	56,250	3,06,250
Stock-in-Trade	1,50,000	Creditors:		
Sundry Debtors	2,00,000	Preferential	38,000	
		Unsecured Creditors		
		(Rs.3,18,750 – Rs.		
		38,000)	2,80,750	3,18,750
		Return to		
		Contributories		
		Preference		
		Shareholders		
		Capital	5,00,000	
		Arrears of Dividend		
		(W No 3)	1,00,000	6,00,000
Calls Received:		Equity Shareholders		
		(W No 5)		
Call of Rs. 2.65 per share		Refund of Rs. 12.35		
on 7,500 equity shares of		per Share on 2,500		
Rs. 100 each Rs. 60 paid	19,875	share of Rs. 100 each		
		Rs. 75 paid		30,875
	13,19,875			13,19,875

Working Note No. 1 -

Liquidator's Remuneration It has been assumed that liquidators remuneration is payable on realisation from assets

Particulars	Rs.
Assets realised (3% of Rs 12,25,000)	

(Rs. 3,00,000 + Rs. 5,00,000 + Rs. 75,000 + Rs. 1,50,000	
+ Rs.2,00,000)	36,750
	36,750

Working Note No. 2-

Accrued Interest on Debentures Since final payments have been made on 30.06.2008 and company is solvent, interest on debentures has been paid up to 30.06.2008.

Particulars	Rs.
Interest outstanding on debentures (As per Bal. Sheet)	37,500
Interest accrued up to 30.06.2008 (2,50,000 x 15% x 6 Months)	18,750
	56,250

Working Note No. 3-

Arrears of Preference Dividend Preference dividend is payable up to 31.12.2007. It is in arrears for 2 years

Particulars	Rs.
Preference dividend = 5,00,000 x 10% x 2 Years	1,00,000
	1,00,000

Working Note No. 4-

Amount available for payment

Particulars	Rs.
Amount from realisation of Assets	
(Rs.75,000 + Rs. 3,00,000 + Rs. 5,00,000 + Rs. 75,000 + Rs. 1,50,000 + Rs.2,00,000)	13,00,000
Amount paid	
(Rs. 27,250 + Rs.36,750 + Rs. 3,06,250 + Rs. 3,18,750 + Rs. 6,00,000)	12,89,000
Surplus	11,000

Working Note No. 5-

Amount Payable to Equity Shareholders

Particulars	Rs.
Total equity capital paid up (Rs 1,87,500 + 4,50,000)	6,37,500
Less: Balance available to equity shareholders after payment to creditors and preference shareholders (No 4)	11,000
Loss to be borne by 10,000 equity shareholders	6,26,500

Loss per share (Rs 6,26,500 ÷ 10,000)	62.65
Amount of refund for 2,500 equity shares of Rs.	
100 each Rs. 75 paid (75 – 62.65)	12.35
Total Amount Refunded (2,500 shares x Rs. 12.35)	30,875
Amount of call for 7,500 equity shares of Rs.	
100 each Rs. 60 paid (62.65 - 60)	2.65
Total amount collected (7,500 shares x Rs. 2.65)	19,875

Q No 17

Statement of Liability of "B" List Contributories

Creditor's outstanding on	A	B	C	D	Amount payable
date of ceasing to be	(1,250	(250	(1,000	(2,500	by contributions for
Member	shares)	shares)	shares)	shares)	creditors of Rs. 90,000
	Rs.	Rs.	Rs.	Rs.	Rs.
60,000 (W Note 1)	15,000	3,000	12,000	30,000	60,000
15,000 (W Note 2)	—	1,000	4,000	10,000	15,000
10,500 (W Note 3)	—	—	3,000	7,500	10,500
4,500 (W Note 4)	—	—	—	4,500	2,500
Total (a)	15,000	4,000	19,000	52,000	
Total (a)	15,000	4,000	19,000	52,000	
Maximum liability on					
shares held Rs. 20 per					
share (b)	25,000	5,000	20,000	50,000	
(As per Working Note 1)					
Contributions to be paid					
(a) or (b) whichever is less.	15,000	4,000	19,000	50,000	88,000

* D's total liability is Rs 52,000 but he can be called upon to pay only Rs 50,000. The loss of Rs 2,000 will have to be suffered by the creditors.

Working Note No. 1 -

Unpaid amount on shares held by A, B, C and D

Shareholder	No of Shares Held	Amount unpaid on each share	Maximum liability on shares held	Ratio
A	1,250	Rs. 20	Rs. 25,000	5
B	2,50	Rs. 20	Rs. 5,000	1
C	1,000	Rs. 20	Rs. 20,000	4
D	2,500	Rs. 20	Rs. 50,000	10

The outstanding liability of Rs. 60,000 on 1st February, 2001 will be contributed by all the four contributors in the ratio of their holding, i.e., 5:1 : 4 : 10. Thus the required contributions will be Rs. 15,000, Rs. 3,000, Rs. 12,000 and Rs. 30,000

Working Note No. 2-

Contribution of Further Debt of Rs. 15,000

The further debt of Rs. 15,000 (i.e., Rs. 75,000 less 60,000) incurred in between 1st of February 2001 and 31st May, 2001, will now be contributed by B, C and D in the ratio of 1: 4 : 10 as A ceases to be a member and will, therefore be not liable for any contribution. The three members will respectively contribute Rs. 1,000, Rs. 4,000 and Rs. 10000

Working Note No. 3-

Contribution of Further Debt of Rs. 10,500

The additional debt of Rs.10,500 incurred from 31 st May to15th July, 2001 will now be shared by C and D only since both A and B have ceased to be members. Their share will be in the ratio of 2 : 5 or Rs. 3,000 and Rs. 7,500

Working Note No. 4-

Contribution of Further Debt of Rs. 4,500

The debt of Rs. 4,500 incurred during the interval of 15th July, 2001 to 15th November, 2001 will not be shared by anyone except D.

