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B. Com - II Group 'A' - Specialised Accounts  
Paper - IV  
X

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Q No 2. → What is liquidator's final statement of Account. How is it prepared?

Ans.

The statement prepared by the liquidator showing receipts and payments of cash in case of voluntary winding up is called "Liquidator's Statement of Account of the Company" Act (1956). There is no double entry involved in the preparation of liquidator's Statement of Account. It is only a statement through presented in the form of an account. While preparing the liquidator's statement of account receipts are show in the following order:—

- (1) Amount realised from assets are included in the prescribed order.
- (2) In case of assets specifically pledged in favour of creditors, only the surplus from it, if any, is entered as 'surplus from securities'.
- (3) In case of partly paid up shares, the equity shareholders should be called up to pay necessary amount (not exceeding the amount of uncalled Capital) if creditor's claims/claims of preference shareholders can't be satisfied with the available amount. Preference shareholders would be called upon to contribute (not exceeding the amount as yet uncalled on the shares) for paying of creditors.

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Amounts received from calls to contributors made at the time of winding up are shown on the receipts side.

(5) Receipts per trading Account are also included on the receipts side.

Payment made to redeem securities and cost of execution and payments per trading Account are deducted from total receipts. Payments are made and shown in the following order:—

- (a.) Legal charges.
- (b.) Liquidator's expenses
- (c.) Debenture holders (including interest up to the date of winding up if the company is insolvent and to the date of payment if it is solvent).

#### (d) Creditors:—

- (i) Preferential (In actual practice, preferential creditors are paid before debenture holders having a floating charge).
  - (ii) Unsecured creditors
- (e) Preferential share holders (As regards of dividends on cumulative preference shares should be paid up to date of commencement of winding up).

#### (f.) Equity shareholders:—

Liquidator's statement of account at the winding up is prepared for the period starting from the commencement of winding up to the close of winding up. If winding up of company is not concluded within one year after its commencement, Liquidator's statement of account pursuant to section 551 of the Companies Act 1956 (From No. 153) is to be filed by a Liquidator within a period of two months at the conclusion of one year and thereafter until the winding up is concluded at intervals of not more than one year or at such shorter intervals, if any, as may be prescribed.