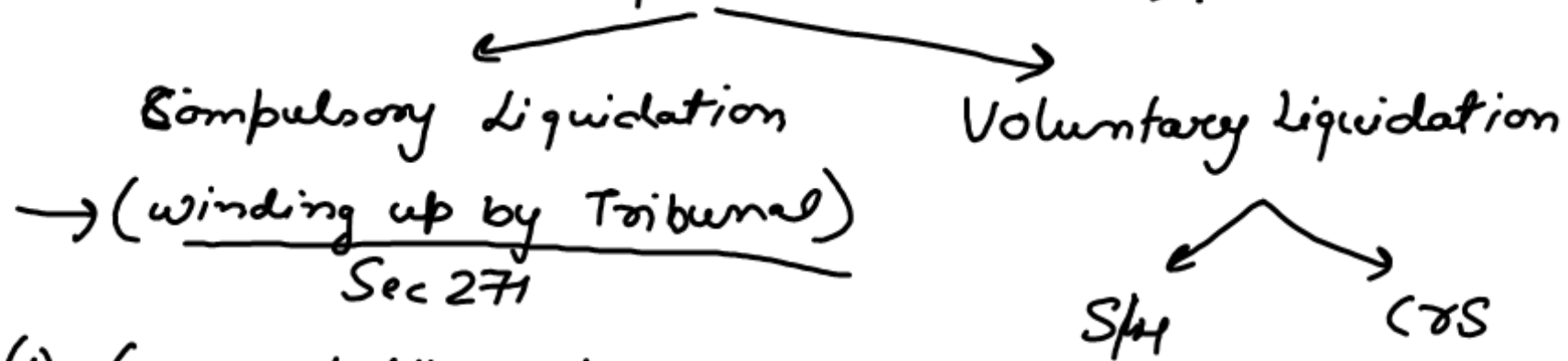


## Liquidations of Companies

- ① Statement of affairs
- ② Liquidator's final a/c.
- ③ Receiver's final a/c
- ~~④~~ Contributory Liability → deleted from Co. act 2013

Chapter XX

## Liquidation (Sec 270).

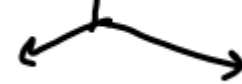


- (i) Co. on petition be wound by Tribunal.
- (a). If Co is unable to pay its debts (Sec 271(2))
- (b) Co has passed a SpA resolution to be wound up by tribunal
- (c) If Tribunal has ordered winding up under Chapter XIX (Sick Co.)
- (d) If Co. has acted against interest of Sovereignty & Integrity of India, Security of States, friendly relations with foreign states, public decency, morality & public Order.

- (e) If the affairs of Co. are proved to be fraudulent or unlawful purpose or persons concerned with formation or management of affairs have been guilty of fraud, misfeasance or misconduct.
- f) If Co. has made a default <sup>in filing</sup> with Registrar the returns / financial statements for 5 consecutive years
- g) If Tribunal finds just & equitable to wind up the Company.

Tribunal Windup

Voluntary Windup.



S/H

CRS.

Liquidator

official liquidator

Liquidator

Receiver

When

tribunal passes order

Spl resolution of S/H

Spl resolution of CRS

Date of liquidation

when official liquidator is appointed

"

"



# **Statement of affairs has got 8 list.**

**List A: Uncharged assets .**

**List B: Surplus above secured creditors.**

**List C: Preferential creditors.**

**List D: Liabilities having floating charge on all the assets**

**List E: Unsecured creditors.**

**List F: Preference shareholders**

**List G: Equity share holders**

**List H: Deficiency a/c**



List A

All assets having no fixed charge. They may have a floating charge.

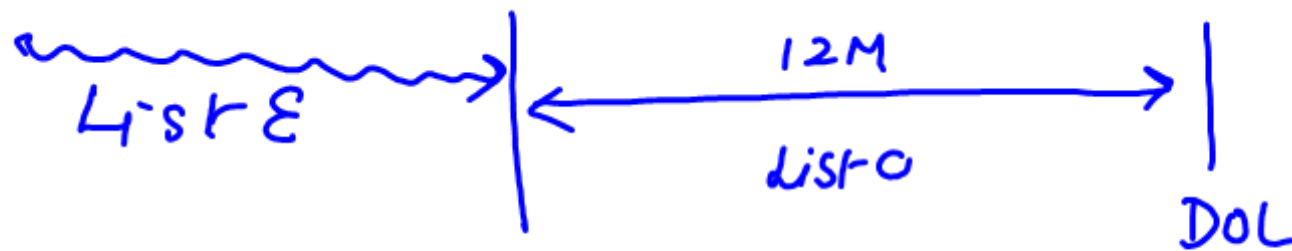
List B

	Charged Asset	Secured liability	Surplus	Deficit to List E
I	1000000	600000	400000	
<u>II</u>	700000	950000		250000

List C (sec ~~530~~ 327)

Preferential Creditors.

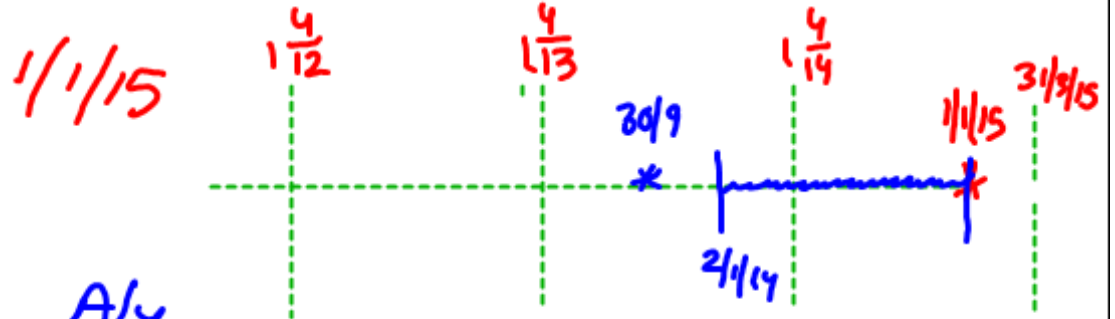
- ① All revenues, taxes, losses, rates due to CG/  
 SC/local authority at relevant date, having become  
due and payable within 12 months immediately  
 before the date.





Case 1

Date of liquidation



Tax Payable

P/y	<u>Amt</u>	A/y	
2004-05 (Tax is assessed on 2/11/14)	10000	2005-06	C
2001-12	25000	12-13	∞
2012-13 x	13000	(30/9) 13-14	∞
✓ 2013-2014	17000	14-15	C
✓ 2014-2015	15000	15-16	C
	<u>80000</u>		

327(1)(b).

~~(7)~~ All wages or salary <sup>of employee</sup> (Time or piece work) due to Co. not exceeding 4 months within 12 months before the relevant date subject to maximum of \$20000 per claimant.

Case 1: Mr A, an employee with salary of 6000/pm have 0/5 salary for 5 months ~~is~~. (DOL 31/3/15)  
 Sept 14, Oct 14, Nov 14, ~~Sept 13, Oct 13~~

$$\begin{array}{r}
 \text{Total due } 6000 \times 5 = 30,000 \\
 - C \text{ [sept - nov '14]} 6000 \times 3 = 18,000 \\
 \hline
 \text{List E} \qquad \qquad \qquad 12,000
 \end{array}$$

Case 2: If B, an employee, with salary of 7000 p/m has o/s salary for 7 months just before date of liquidation of 31/3/15.

Total Salary o/s	$7000 \times 7 =$	49000
List C	$7000 \times 4 =$	<del>28000</del> 20000
		List E
		29000

Case 3

B/S 31-3-15  
 O/S Salaries (5 months) 10000

$$\text{DoL} = \underline{31-3-15}$$

$$\text{List C} \quad \frac{10000}{5} \times 4 = 80000$$

$$\text{List E} \quad 10000 - 8000 = 20000$$

[Assuming  
 1) Many employees  
 & amt per  
 claimant is  
 less or equal to  
 20000.

2) 4 months lieg  
 within last 12  
 months)

- (c) all accrued holidays remuneration.
- d) all cont<sup>d</sup> to ESI within last 12 months
- e) all compensation/ liabilities under Workmen Compensation Act, 1923.
- f) all PF, Pension fund, gratuity fund maintained for employees.
- g) all expenses of investigation u/s 213 & 216.

Rule: Income Tax is due in Previous year  
but Income Tax is payable till date of return  
in Assessment year (30/9)







