

Accounting Standards

Total 27 No.

AS 3 Cash Flow
AS 14 Amalgamation
AS 21 Consolidation

Already Covered

Remaining
24 AS
- 8 AS Theory
16 AS practical

24 AS

Category 1

Asset Based
AS

AS 2

AS 10

AS 13

AS 16

AS 19

AS 26

AS 28

Other Category

AS 13 - Accounting For Investments

1) Investment means any Asset Which is held by Entity for :-

a) Capital appreciation ; (or)
(Market Value increase)

b) For Earning Incomes other than Business Incomes ; (or)
(Rent, Dividend, Interest)

c) Both.

2) Examples of Investments

- a) Shares
- b) Debt & Other Securities
- c) Land & Building
- d) FD
- e) Mutual Funds
- f) Gold and any other Commodity

3) Types of Investments

Current Investments
(Short Term)

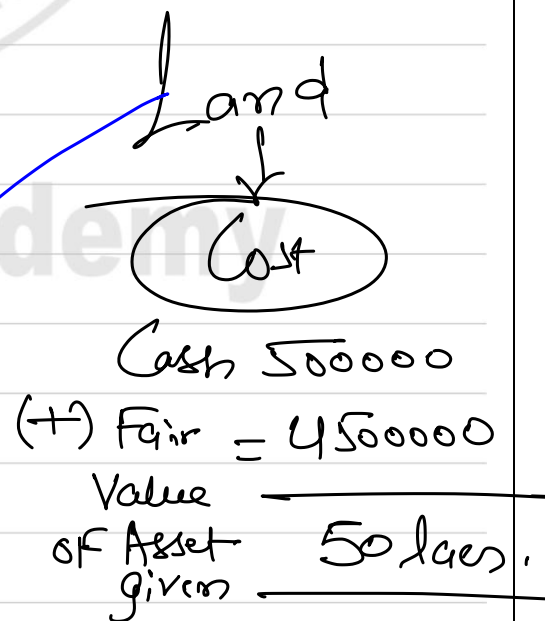
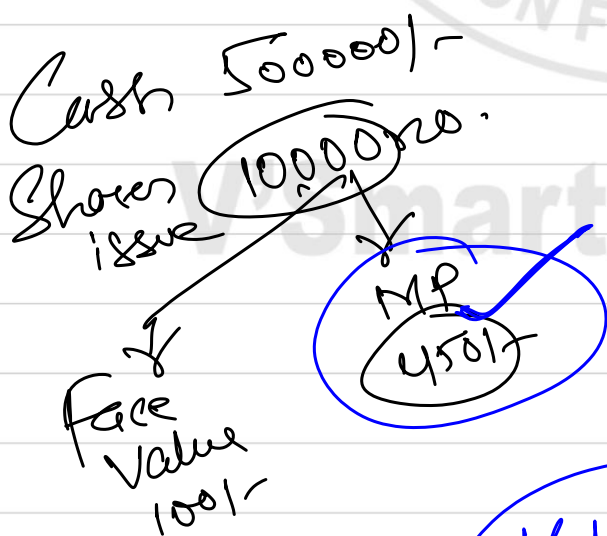


Any Investments which are intended to be held for not more than 12 months from the date of purchase.

Long Term Investments
(Non Current)



Any Investment other than Current Investments



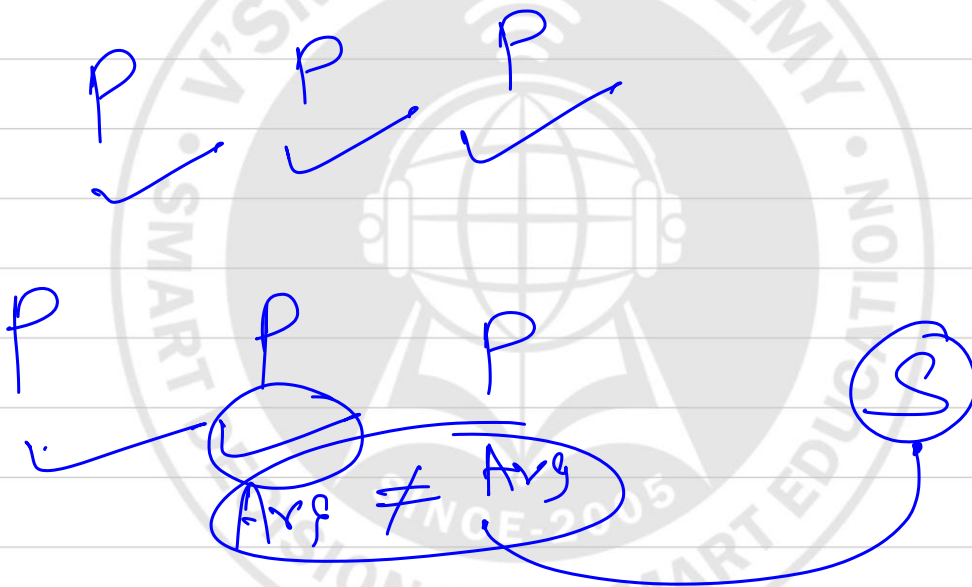
Land (Invest) 60

To Bank 5

To esc/SP 45

To Ex. Gain 10 (P&L)

Investment in shares (Accounting)



V'Smart Academy

Example 3:

Investment in share:

1/4/24 = Purchased 500 No @ 45/- each

1/6/24 = Purchased 300 No @ 52/- each

1/8/24 = Got bonus share in 2:5 (free)

1/9/24 = Sold 450 No. @ 50/- each

Required: 1) Calculate gain/loss on sale

2) pass journal entries

3) Prepare Investment a/c

Solution

Working Note

1) First purchase on 1/4 $\Rightarrow 500 \text{ no.} \times 45/- = 22500/-$

2) Second purchase on 1/6 $\Rightarrow 300 \text{ no.} \times 52/- = 15600/-$

3) Bonus on 1/8 $\Rightarrow \frac{800}{5} \times 2 = 320 \text{ no.}$
at No Cost

4) W. Avg cost per share :-

$$= \frac{22500 + 15600 + 0}{500 + 300 + 320} = 34.02/-$$

5) Sale value $\Rightarrow 450 \times 50/- = 22,500$

b) Gain on Sale :-

$$(50 - 34.02) \times 450 = 7191$$

Journal Entry

1/4 Investment in Shares Dr. 22,500
To Bank a/c 22,500

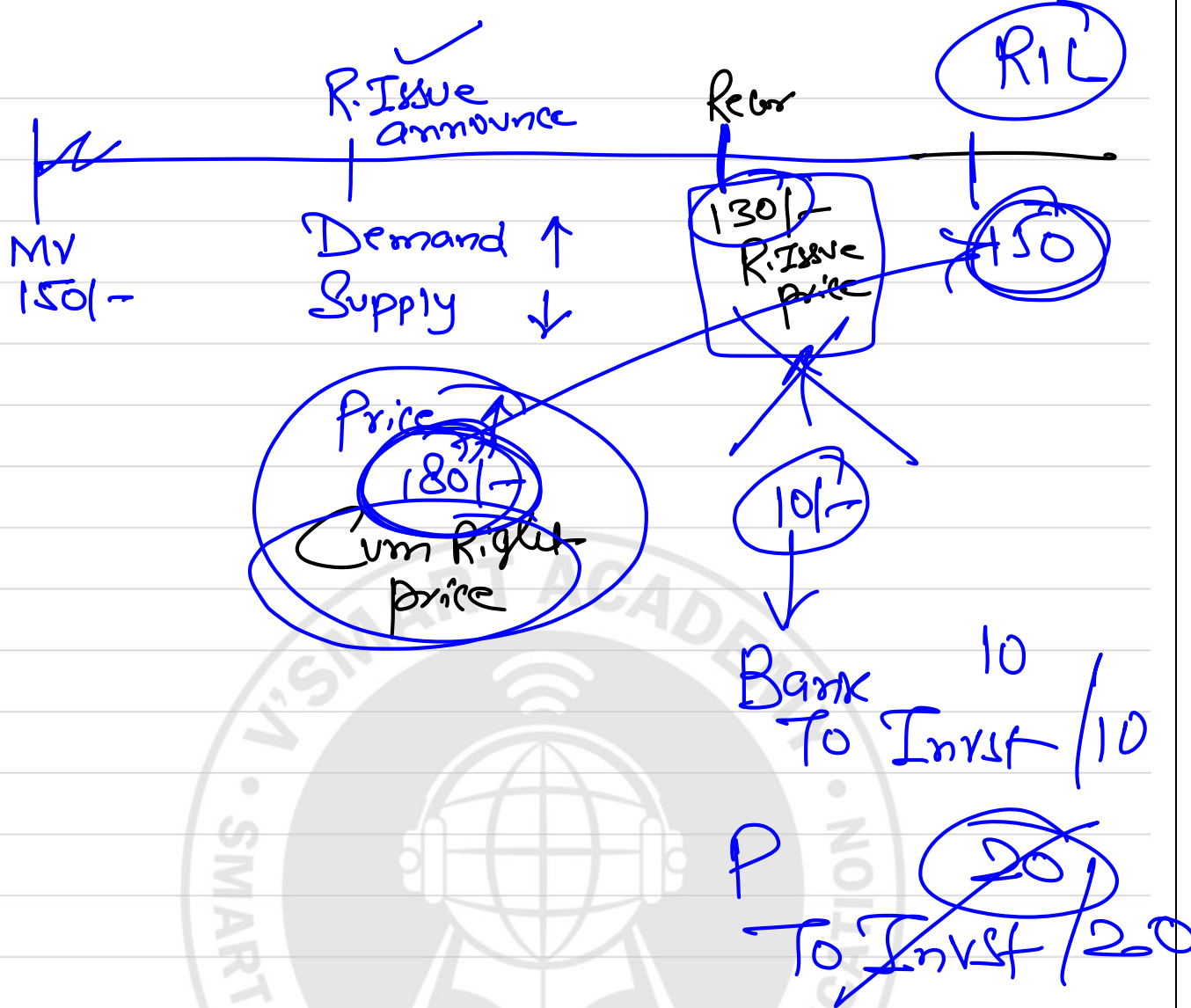
1/6 Investm. in Shares Dr. 15,600
To Bank a/c 15,600

1/8 Bonus → No entry

1/9 Bank a/c Dr. 22,500
To Investment in Shares 15,309
To Gain a/c 7,191

Investment A/c

Date	Particulars	No.	Amnt.	Date	Particulars	No.	Amnt.
1/4	To Bank	500	22,500	1/9	By Bank 450 (Sale proceeds)		22,500
1/6	To Bank	300	15,600				
1/8	To Bonus	320	-				
	To Gain	-	7,191	31/3	By Bal. c/d	670	22,791



Bank 10000
 To Invest per 1000
 10000

Ex:-5 (Pg. no. 5.6)

Working

$$1) \quad 1/4/24 \Rightarrow \text{Cost of opng share} = \frac{2280000}{1200} \\ \text{(per share)} = 1900/-$$

$$2) \quad 1/5/24 \Rightarrow \text{Purchase 300 no. @ 2100/-} \\ 630000$$

$$3) \quad 1/6/24 \Rightarrow \text{Bonus issue of 1500 no.}$$

$$\text{Bonus } \frac{1500}{5} = 300 \text{ no.} \\ \text{at No Cost}$$

$$4) \quad \text{Avg Cost per share :-}$$

$$\frac{2280000 + 630000}{1800 \text{ no.}} = 1616.67/-$$

$$5) \quad \text{Sale on 1/7} \Rightarrow \text{Sale Value} \\ 800 \times 2250 = 18,00,000$$

$$6) \quad \text{Gain on Sale} \Rightarrow (2250 - 1616.67) \times 800 \\ 5,06,664/-$$