

7) Right issue entitlement :- $\frac{1000 \text{ no.}}{2} \times 1$

= 500 no.

Subscribed
@ 60%

300 no.
 $\times 1750$

5,25,000

&

Transfer
@ 40%

200
 $\times 90/-$

18,000

Transfer
to p&L.

31/3/25 By Bal. 1300 21,41,600

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Q202

Working

1) On 1/4/x1 \Rightarrow Purchased 1000 no.

$$\begin{array}{r} \times 123/- \\ \hline 123000 \end{array}$$

$$[120 + (2\% + 0.5\%)] = 123/-$$

2) 31/Jan/x2 \Rightarrow Bonus issue = $\frac{1000}{2} = 500$ no. at No Cost

3) Avg Cost per share :-

$$\frac{123000}{1500 \text{ no.}} = 82/-$$

4) Sale Proceeds $\Rightarrow (90 - 2\%) \times 500 = 44,100$

5) Gain on Sale $\Rightarrow (88.2 - 82) \times 500$ no.
 $\Rightarrow 3,100/-$

Books of Mr. Krishna Murty

Investment in Shares (Telco) Ltd A/c

| Date | Particulars | No. | Amnt. | Date | Particulars | No. | Amnt. |
|--------|-------------|------|--------|------|---------------|------|--------|
| 1/4/21 | To Bank | 1000 | 123000 | 31/3 | By Bank | 500 | 44,100 |
| 31/Jan | To Bonus | 500 | - | | | | |
| 31/3 | To Gain | - | 3,100 | 31/3 | By Bal C/d | 1000 | 82000 |

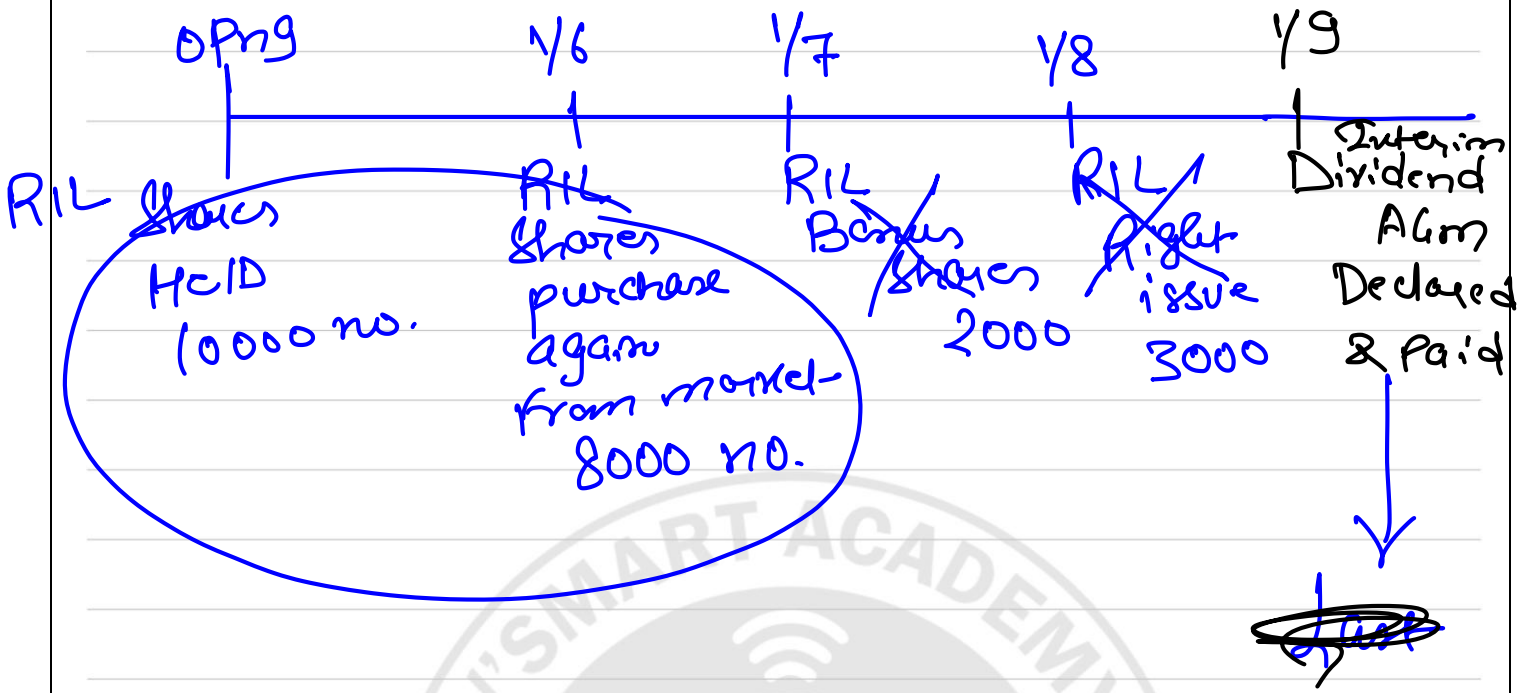
As per AS 13 (Accounting for Investments), Current Investments are measured at lower of :-

- Carrying Amt : (or)
- Market Value

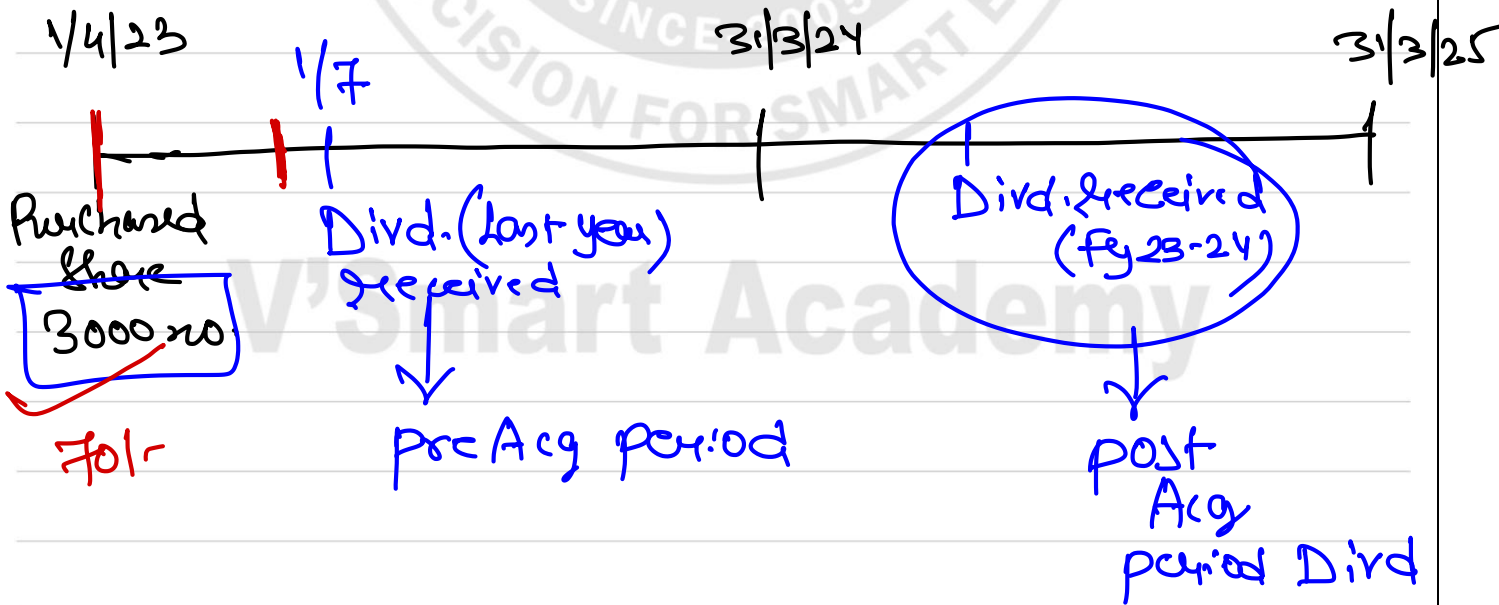
Since Carrying Amt (i.e 82000/-) is lower than Market Value (i.e 90000) Hence Investments are Carried at 82000/- only.

Rule 4:-

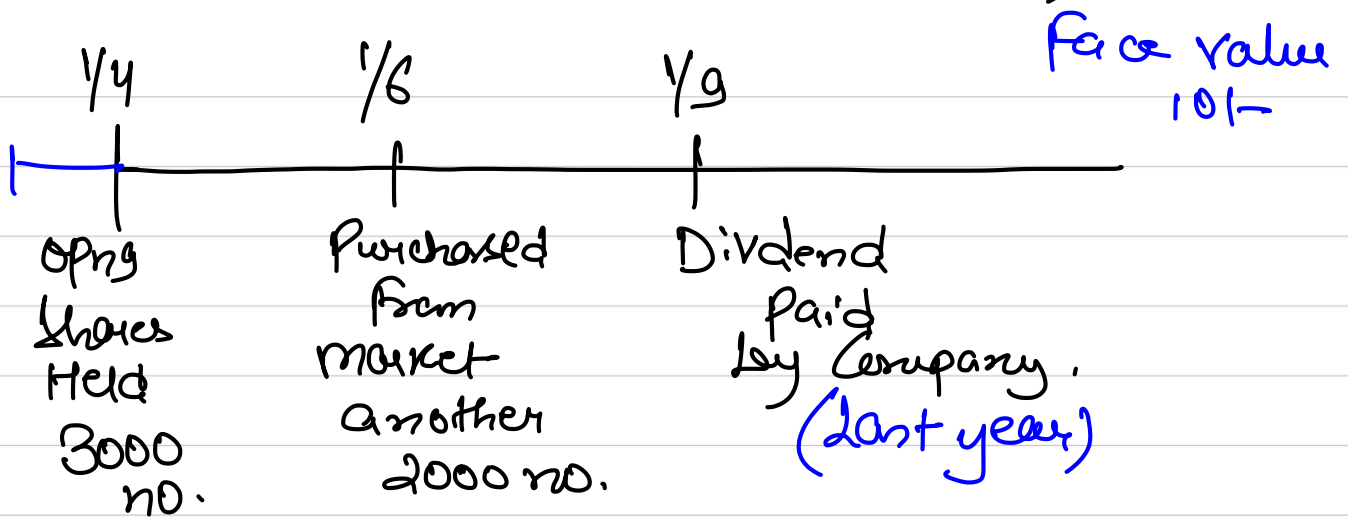
Mr. Jai (Investor)



Rule:-5



Mr. Jai (Investor)



as per Rule 4:- Divd will be received on 5000 no.

as per Rule 5:- Divd on 2000 share is pre Acq period

Divd on 3000 shares is post Acq period

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Ex:-11 (Book)

Working

1) Opng shares = $1000 \times 25 = 25000/-$

2) Purchase on 1/5 $\Rightarrow 600 \times 32 = 19200/-$

3) Bonus on 1/6 $\Rightarrow 100$ no. at No Cost

4) Dividend received :-

Income on 1000 no. (Post Acq) = $1000 \times 10 \times 10\% = 1000$
on 600 no. (Pre Acq) = $600 \times 10 \times 10\% = 600$

5) Arg. Cost per share

$$\frac{25000 + 19200 - 600}{1700 \text{ no.}} = 25.65/-$$

6) Sale of 250 no. $\Rightarrow 250 \times 29.5 = 7375$

7) Gain on Sale $\Rightarrow 250 \times (29.5 - 25.65) = 962.5$

Investment A/c

| Date | Particulars | No. | Divd. Income | Cost | Date | Particulars | No. | Divd. Income | Cost |
|------|-------------|------|--------------|-------|------|-------------|------|--------------|---------|
| 1/4 | To Balance | 1000 | - | 25000 | 1/8 | By Bank | - | 1000 | 600 |
| 1/5 | To Bank | 600 | - | 19200 | 1/12 | By Bank | 250 | - | 7375 |
| 1/6 | To Bonus | 100 | - | - | | | | | |
| 1/12 | To Gain | - | - | 962.5 | | | | | |
| | To P&L | - | - | 1000 | 3/3 | By Balance | 1450 | - | 37187.5 |

Q204

Working

- 1) 1/4/x1 ⇒ opng 25000 no. × 15 = 375000
- 2) 20/6/x1 ⇒ Purchased 5000 no. × 16 = 80000
- 3) 16/8/x1 ⇒ Bonus an 30000 no. × $\frac{1}{6}$ = 5000 no.

at No Cost
- 4) 30/9/x1 ⇒ Right issue an 35000 no. × $\frac{3}{7}$ = 15000 no.

| | |
|----------|------------|
| Transfer | Subscribed |
| 5000 no. | 10000 no. |
| × 2/- | × 15/- |
| 10000 | 15000 |

Transfer to P&L

5) Dividend on 31/10 @ 20% on 30000 no. = 60000

Post
Acq.
 $25000 \times 10 \times 20\%$
5000
Income

Pre
Acq.
 $5000 \times 10 \times 20\%$
10000
Deduct from
Cost
of Invst
(Cr. side)

6) W. Avg Cost per share
before sale :-

$$37500 + 8000 + 0 + 15000 - 10000$$

$$25000 + 5000 + 5000 + 10000$$

$$\frac{59500}{45000} = 13.22/-$$

7) Sale of 25000 shares @ 15/- = 37,500

8) Gain on sale = $25000 \times (15 - 13.22) = 44,500$