L22

Investments :-
Assets held for earning
1. Interest
2. Rent
3. Dividend
4. Capital appreciation

not included → assets held as stock in trade.

Investment Property :-
Investments in Land & Building

when Land & Building is not occupied for self use or operations of the entity.

Calculation of cost of Investments

Investment acquired against cash.
→ Purchase price
→ Incidental expenses
ex :- Brokerage
Duties, fees.

Includes cost of acquisition of shares of cooperative society for acquisition of an appt / building.

Investments acquired through exchange of other assets.
→ fair Value of asset given up
→ fair Value of Investment acq
w.e. is more clearly evident.

Investments acquired through issue of securities.
→ fair Value of securities issued.

Example :-
Land acquired
Equity shares issued against land. } CASE III

Land acquired
Equity shares of RIL ~~issued~~ exchanged / given up } CASE II

Classification of Investments

Current Investment
↓
Intention to hold for a period < 12 months.
↓
Subsequent measurement (B/S Date)

Cost OR Market Value / Fair Value
w.e. lower

Long Term Investment / Non-current investment
↓
Intention to hold for a period > 12 months.

Subsequent measurement
Valued at cost.

→ Such measurement should be done on individual investment basis or category of investment basis but not on global basis.

If there is other than temporary diminution in value of investments, then reduce the value of investments.

→ " " "

Reclassification of Investments

1) Current Investment ⟶ Long Term / Non-current Investment

On the date of reclassification

Cost — MV/FV

Lower value ⟶ reclassify as Long Term Investment.

2) Long Term Investment ⟶ Current Investment.

On the date of reclassification

Cost — Carrying amount

LOWER ⟶ Current Investment.

Treatment of profit/loss on sale/disposal/reclassification

Profit → P&L Cr.
Loss → P&L Dr.

DISCLOSURES:-

- → Accounting policies used for calculation of carrying amount.
- → Separate classification for current and long term investments.
- → Current and Long Term investments should further be sub classified.

AS-13: ACCOUNTING FOR INVESTMENTS: SUMMARY CHART

L22

Investments :- Assets held for earning :-

i) Interest
ii) Rent
iii) Dividend
iv) Capital Appreciation

but not held as stock in Trade.

Investment Property :- Investment in Land & Building.

→ not occupied for operations.

COST OF INVESTMENT :

Acquired through cash	Acquired through exchange	Acquired through issue of securities
→ Purchase Price → Directly related exp OR Incidental expenses → Duties, fees. Eg: Co-op. society member. fees/share acq cost	→ 1st: Asset given up : FV if not clearly evident then, 2nd: investment acquired : FV.	→ FV of security issued.

CLASSIFICATION OF INVESTMENTS

Current Investments	Non-current Invest. Long Term Invest.
→ Intention to hold for a period less than 12 months. → Readily realisable.	→ Investments that are not current.
Subsequent measurement COST Market Value w.e. Lower	**Subsequent measurement** ↓ COST ↓ If there is other than temporary reduction in value of investments, the investments will be brought down to its MV.

Purchase Price :

Debentures :-

→ cum-interest purchase price
− Interest
Ex-interest purchase price
+ Brokerage
+ Stamp Duty
Total purchase price

* Interest will compulsarily be paid on purchase of debenture. Ex-interest or cum-interest donot determine the fact that interest will be paid.

Cum-Interest = cost of deb + Interest.
Ex-interest = cost of debentures.

* Brokerage will be calculated on Transaction Value. (Please read question carefully for this point)

Equity Shares

Purchase price
+ Brokerage
+ Stamp Duty
Total Cost of purchase

Bonus shares :

cost of bonus share = 0

Right shares :-

Purchase price of right shares
+ cost of rights
Total cost of right shares

* Cost of rights for original holder is zero.

If the rights are renounced :

JE :- Bank a/c Dr. { Proceeds from sale of rights }
To P&L

EXCEPTION :-
After right issue ;
Ex right MP < cum-right MP

Proceeds from sale of rights will be credited to investments to bring down the investments to its ex-right Market Price.

* This will apply only when the investments were acquired on cum-right basis.

* maximum extent of reduction in cost = proceeds from sale of rights

* $\underbrace{\text{cum-rights price} - \text{ex-right price}}_{\text{Scope of reduction of cost}}$

Selling Price :-

Debentures :-

→ cum-interest selling price
− Interest
Ex-interest selling price
− brokerage
Net selling Price

Equity Shares :-

→ Selling Price
− Brokerage
Net selling Price

Profit /Loss on sale

→ Net selling Price
− Cost
Profit /Loss on sale

Cost will be calculated on weighted average basis, unless FIFO is mentioned in the question.

→ Profit /Loss is treated in P&L a/c

Accrued Interest :-

* Financial Year dates of investor & Interest dates of company are different.

Opening Entry :-
Interest Dr. { Previous FY interest }
To Accrued Interest

Closing Entry :-
Accrued Interest Dr. { current FY interest }
To Interest

RECLASSIFICATION

CI ⟶ LTI
cost or MV
w.e. lower ⟶ LTI

LTI ⟶ CI
cost or carrying amt
w.e. lower ⟶ CI

Loss on reclassification is debited to P&L a/c.

DIVIDEND

Pre-acq.	Post-acq
↓ Period of which divd is declared ↓ Prior to acq ↓ Bank Dr. Invest Cr.	↓ Period for which div is declared ↓ After acquisition ↓ Bank Dr. P&L Cr.

* Date of declaration is irrelevant to decide pre/post dividend.

Shares eligible for div :- company POV
FV for which div is dec ⟶ FV issued cap
Treatment of div :- investor POV

Question 5 :-

Cum - Right MP = 60

Sale of Rights = 6000 → Dr. / Cr.

Ex-Right MP

CASE I :- 55

cost = 60 → Invest Dr. 60 × 1000

(ES, Right)

Invst Cr. 5 × 1000 (scope)

ex - cost = 55 → Invst Dr. 55 × 1000

(ES)

Bank	Dr.	6000
To. Investment		5000
To. P&L		1000

CASE II :- 53

cost = 60 (cum-right) → Invest Dr. 60 × 1000

(ES, Right)

Invst Cr. 7 × 1000 (scope)

ex - cost = 53 → Invst Dr. 53 × 1000

(ES)

Bank	Dr.	6000	
To. Invst			6000

CASE III :- 60

cost = 60 → Invest Dr. 60 × 1000

(ES, Right)

Invst Cr. x

Ex- cost = 60 → Invest Dr. 60 × 1000

(ES)

→ W/N

Bank	Dr.	6000
To. P&L		6000

Quote :- cum - right basis
after right issue
Ex - right MP < cum-right
then, proceeds from sale of rights
credited to Investments
to bring down the cost of invst
to its ex-right MP.

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Question 3 :

1-4-14	1-6-14	30-6	1-9-14	1-12-14	31-12	31-1-15	31-3-15
OB	Purch	Int	Sold	Sold	Int	Purch	MV = 105
4000D	2000 D		3000D	2000D		3000 D	→ Accrued Int.
@ 98	@120(cum)		@ 110 (cum)	@105(ex)		@100(ex)	
→ Acc. Int.	→ Int pay		→ Int rec.	→ Int rec.		→ Int pay	
	→ Brok		→ Brok	→ Brok		→ Brok	

Investment in 8% Debentures of P ltd a/c

Date	Particulars	FV	Int	Amt	Date	Particulars	FV	Int	Amt
1-4-14	To balance b/d	400000	8000	392000	30-6-14	By bank	-	24000	-
1-6-14	To Bank	200000	6667	238133	1-9-14	By bank	300000	4000	319400
	To P&L			25400	1-12-14	By bank	200000	6667	205300
31-1-15	To Bank	300000	2000	306000	1-12-14	By P&L	-	-	11267
					31-12-14	By bank	-	4000	-
31-3-15	To P&L		30000		31-3-15	By accrued int	-	8000	-
					31-3-15	By P&L			5066
						By balance c/d	400000	-	420000

MV = 4000 × 105 = 420000

C = 425066

W/N-1 : Interest

1-4-14 :- 4000 × 100 × 8% × 3/12 = 8000

1-6-14 :- 2000 × 100 × 8% × 5/12 = 6667

30-6-14 :- 6000 × 100 × 8% × 6/12 = 24000

1-9-14 :- 3000 × 100 × 8% × 2/12 = 4000

1-12-14 :- 2000 × 100 × 8% × 5/12 = 6667

31-12-14 :- 1000 × 100 × 8% × 6/12 = 4000

31-1-15 :- 3000 × 100 × 8% × 1/12 = 2000

31-3-15 :- 4000 × 100 × 8% × 3/12 = 8000

W/N-2 : Ex-interest price

1-6-14 :- Cum-int price : 2000 × 120 = 240000

less: interest = (6667)

Ex-int price = 233333

add: brok @ 2% × 240000 = 4800

238133

W/N-3 : Profit/loss on sale

1-9-14 : 1. Cum-int SP : 3000 × 110 = 330000

2. − Interest = (4000)

3. Ex-int SP = 326000

4. − Brokerage : 2% × 330000 = (6600)

5. NSP = 319400

6. − Cost (FIFO) = 294000

4000 → 392000

3000 → x

Profit on sale 25400

Bank Dr. 319400

To Invst 294000

To P&L 25400

Bank Dr 294000

Invst Cr. 294000

Bank Dr. 25400

P&L 25400

Bank Dr. 205800
P&L Dr. 11267
To Invst 217067

Bank Dr. 205800
Invst Cr. 205800

P&L Dr. 11267
Invst Cr. 11267

1-12-14 :-
Ex-int SP : 2000 x 105 = 210000
- brokerage : 2% x 210000 = (4200)
NSP = 205800
- cost (FIFO) = 217067
4000 → 392000
1000 → x = 98000
2000 → 238133
1000 → y = 119067
loss on sale 11267

Question 2 :-

1.1.08	1.3.08	31.3	1.7.08	30.9	1.10.08	1.11.08	31.12.08
✓ op. bal. 1200u ✓ C = 118000 → Int. accrued	✓ Purchased 200u @98 (ex) → Interest pay	✓ Int.	✓ Sold 500u @100 (ex) → Interest rec.	✓ Int.	✓ Purchased 150u @98 (cum) → Interest pay	✓ Sold 300u @99 (ex) → Interest recd.	→ Int. accrued

Investment in 9% Central Government Bonds

Date	Particulars	F.V.	Interest	Amount	Date	Particulars	F.V.	Interest	Amount
1.1.08	To balance b/d	120000	2700	118000	31.3.08	By bank	—	6300	—
1.3.08	To Bank	20000	750	19600	1.7.08	By bank	50000	1125	50000
1.7.08	To P&L	—	—	833	30.9.08	By bank	—	4050	—
1.10.08	To Bank	15000	0	14700	1.11.08	By bank	30000	225	29700
1.11.08	To P&L	-	-	200	31.12.08	By interest accrued	—	1688	-
31.12.08	To P&L (bal. fig.)		9938						
					31.12.08	By balance c/d	75000		73633

W/N-1 :- Calculation of Interest

1.1.08 :- 1200 × 100 × 9% × 3/12 = 2700
1.3.08 :- 200 × 100 × 9% × 5/12 = 750
31.3.08 :- 1400 × 100 × 9% × 6/12 = 6300
1.7.08 :- 500 × 100 × 9% × 3/12 = 1125
30.9.08 :- 900 × 100 × 9% × 6/12 = 4050
1.11.08 :- 300 × 100 × 9% × 1/12 = 225
31.12.08 :- 750 × 100 × 9% × 3/12 = 1688

W/N-2 :- Calculation of profit/loss on sale

1.7.08 :- Ex-Interest selling Price :- 500 × 100 = 50000
less: Cost = 49167
(1200 → 118000
500 → x)
Profit on sale = 833

Bank a/c Dr. 50000
To Investm. 49167
To P&L 833

Bank Dr. 49167
To Investment 49167

Bank Dr. 833
To P&L 833

1.11.08 Ex-interest selling price :- 300 × 99 = 29700
less: Cost = 29500
(1200 → 118000
300 → x)
Profit on sale = 200

W/N-3 :- Calculation of cost of debentures

1-10-08 :- Cum-interest cost of debentures :- 150 X 98 = 14700
less: Interest :- = 0
Ex-interest cost of debentures :- = 14700

Question 1 :-

L14

1·4·12	30·9·12	1·12·12	1·3·13	31·3·13
	Interest	Purchased 10000 D @ 101 (cum) → Int pay → Brok 1%	Sold 10000 D @ 106 (cum) → Int rec. → Brok 1%	Interest

Investment in 12% Debentures of Wye Ltd.

Particulars	F.V.	Interest	Amount	Particulars	F.V.	Interest	Amount
1·12·12 To, Bank	1000,000	20000	1000,100	1·3·13 By, bank	1000 000	50000	999400
				By, P&L	—	—	700
31·3·13 To, P&L	—	30000	—		—	—	—

W/N-1 :- Calculation of cost of debentures

1·12·12 :-
1. Cum-interest purchase price :- 10000 × 101 = 1010000
2. less : interest :- 10000 × 100 × 12/100 × 2/12 = (20000)
3. Ex-interest purchase price = 990000
4. add : brokerage : 1% × 1010000 = 10100

   Total cost of debentures = 1000100

W/N-2 :- Calculation of profit/loss on sale of debentures

1·3·13 :-
1. cum-interest selling price :- 10000 × 106 = 1060000
2. less: interest :- 10000 × 100 × 12/100 × 5/12 = (50000)
3. Ex-interest selling price = 1010000
4. less: brokerage @ 1% × 1060000 = (10600)
5. Net selling Price = 994000
6. less: cost 1000100
7. Loss on sale 700

Bank	Dr.	999400
P&L	Dr.	700
To, Investment		1000 100

Bank	Dr.	999400
Invst	Cr.	999400

P&L	Dr.	700
Invst	Cr.	700

Question 4 :- Went to Nani's House

Question 5 :-

1.1	1.3	31.3	1.9	30.9	1.12	31.12
→ Acc. Int.	Purchased 2400D @90 (cum) → Interest pay → Stamp = 200 → Brok = 2%	Interest	Sold 1000D @92 (ex) → Int. rec. → Brok = 2%	Interest; Purch 800 D @91 (ex) → Brok @ 2% → Int pay → Exp: 100	Sold 600 D @94 (cum) → Int rec → Brok = 2%	MV: 91 → Acc. Int.

Investment in 5% Debentures in Kabini ltd.

Date	Particulars	F.V.	Interest	Amount	Date	Particulars	F.V.	Interest	Amount
1.3	To Bank	240000	5000	215520	31.3	By bank	-	6000	-
1.9	To P&L	-	-	360	1.9	By bank	100000	2083	90160
30.9	To Bank	80000	0	74356	30.9	By bank	-	3500	-
1.12	To P&L	-	-	208	1.12	By bank	60000	500	54772
					31.12	By Interest accrued	-	2000	-
	To P&L (bal. fig.)	-	9083	-		By balance c/d	160000		145512

W/N-1 :- Calculation of cost of purchase

1.3 :-
1. cum. interest cost :- 2400 × 90 = 216000
2. less : interest :- 2400 × 100 × 5% × 5/12 = (5000)
3. Ex-interest cost = 211000
4. add : brokerage : 2% × 216000 = 4320
5. add : stamp duty = 200
6. Net cost = 215520

30.9 :-
1. Ex-interest cost :- 800 × 91 = 72800
2. add : brokerage : 2% × 72800 = 1456
   = 74256
3. add : stamp duty = 100
   Net cost = 74356

W/N-2 :- Calculation of Interest

31.3 :- 2400 × 100 × 5% × 6/12 = 6000
1.9 :- 1000 × 100 × 5% × 5/12 = 2083
30.9 :- 1400 × 100 × 5% × 6/12 = 3500
30.9 :- 800 × 100 × 5% × 0/12 = 0
1.12 :- 600 × 100 × 5% × 2/12 = 500
31.12 :- 1600 × 100 × 5% × 3/12 = 2000

1600 D
MV = 1600 × 91 = 145600
C = = 145512 → valuation

W/N-3:- Calculation of profit/loss on sales

1.9. 1. Ex-interest selling price : 1000×92 = 92000
2. less: brokerage : 2% ×9200 = (1840)
3. Net selling price = 90160
4. less: cost (WAM)
$\Rightarrow \left(\frac{215520}{2400} \times 1000 \right)$ = 89800
5. Profit on sale = 360

1.12. 1. Cum-interest selling price : 600×94 = 56400
2. less: interest = (500)
3. Ex-interest selling price = 55900
4. less: brokerage = (2% × 56400 = (1128)
5. Net selling price = 54772
6. less: cost (WAM) (600× 90.94) = 54564

$\left[WA = \frac{\text{Total cost}}{\text{Total deb}} = \frac{200076}{2200} = 90.94 \right]$ P = 208

100 D	×	92	=	
2000	×	93	=	
300 D	×	94	=	
TD				TC

Question 7: -

Investment in Equity Shares of ABC ltd.

Date	Particulars	FV	Div.	Amt.	Date	Particulars	FV	Div.	Amt.
1.4.09	To balance b/d	150000	-	225000	31.10.09	By bank	—	30000	10000
1.6.09	To bank	50000	-	100000	1.1.10	By bank	130000	-	212355
1.7.09	To bonus issue	40000	-	0					
1.9.09	To bank	20000	-	24000					
1.1.10	To P&L	-	-	42855					
31.3.10	To P&L	-	30000	-	31.3.10	By balance c/d	130000		169500

W/N-1: - Calculation of amount of dividend

1. Shares eligible for dividend = 20000
2. Dividend / share (@20%) = 2
3. Amount of dividend = 40000

20000

15000 (08-09) → Post acq. → 15000 × 2 = 30000 → P&L Cr. (Dividend Col)

5000 (09-10) → Pre- acq. → 5000 × 2 = 10000 → Invst Cr. (Amount col.)

W/N-2: - Calculation of profit /loss on sale

1. Selling Price :- 13000 × 16.50 = 214500
2. less: brokerage @ 1% = (2145)
3. Net selling Price = 212355
4. less: Cost (WAM) = (169500)

$$\frac{TC}{TS} = \frac{339000}{26000} \times 13000$$

5. Profit on sale = 42855

Question 8:-

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Investment in Equity Shares of P ltd. a/c

Date	Particulars	FV	Div.	Amt	Date	Particulars	FV	Div.	Amt.
1.4.11	To balance b/d	500000	-	750000					
20.6.11	To bank	100000	-	160000					
1.8.11	To bonus issue	100000	-	0					
5.11.11	To bank	200000	-	300000	31.3.12	By balance c/d	900000	-	1210000

Question 9:.

L20

Investment in shares of x ltd.

Date	Particulars	FV	Divid.	Amt	Date	Particulars	FV	Div.	Amt
1.4.11	To Bank	500000	-	615000	31.3.12	By bank	250000	-	220500
31.1.12	To Bonus Issue	250000	-	0					
31.3.12	To P&L	-	-	15500		By balance c/d	500000		410000

C = 410000 ⟶ LOWER

MV = 5000 × 90 = 450000

W/N-1:- Calculation of cost of purchase

1. Purchase price :- 5000 × 120 = 600000
2. add: brokerage @ 2% = 12000
3. add: share transfer stamps = 3000

(0.50 ⟶ 100
 2x ⟵ 600000)

= 615000

W/N-2:- Calculation of bonus shares

Bonus Ratio = 1:2
Existing shares = 5000sh.
Bonus shares = 2500 sh.

W/N-3:- Calculation of profit/loss on sale

1. Selling price :- 2500 × 90 = 225000
2. less: brokerage :- 2% × 225000 = (4500)
3. Net Selling price = 220500
4. less: cost (WAM) = 205000
 $\left(\frac{615000}{7500} \times 2500\right)$
5. Profit on sale = 15500

Question 11 :·

24000

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1·4·	1·5·	15·06·	10·7	30·9	14·10	31·10	1·1·	15·1	1·3	15·3	31·3
	Purch 24000 B @ 84 (cum) → Int pay	Purcha· Ⓐ 150000 ES @ 25 → Brok @ 2%	Purch Ⓑ 60000 ES @ 44 → Brok @ 2%	Interest	Bonus Ⓐ 2 : 3	Sold Ⓐ 80000 ES @ 22	Int· Div· Ⓐ 15%	Right Issue Ⓑ 1 : 4	Sold 15000 B @ 90 (ex) → Int· rec·	Int· Div· 18% Ⓑ	Interest

Investment in 12% Bonds

Date	Particulars	FV	Interest	Amount	Date	Particulars	FV	Interest	Amount
	To, Bank	2400000	24000	1992000	30·9	By, bank	-	144000	-
1·3	To, P&L	-	-	105000	1·3	By, bank	1500000	75000	1350000
					31·3	By, bank	-	54000	-

Investment in Equity shares of Alpha ltd·

Date	Particulars	FV	Dividend	Amount	Date	Particulars	FV	Dividend	Amount
15·06	To, Bank	1500000	-	3825000	31·10	By, bank	800000	-	1760000
14·10	To Bonus Issue	1000000	-	0	1·1	By, bank	-	255000	-
31·10	To, P&L	-	-	536000					

Investment in Equity Shares of Beta ltd·

Date	Particulars	FV	Dividend	Amount	Date	Particulars	FV	Dividend	Amount
10·7	To, Bank	600000	-	2692800	15·3·	By, bank	-	118800	-
15·1	To, Bank	60000	-	30000					

Profit / loss on Sale

31·10 :· 1· selling Price = 80000 × 22 = 1760000

2· less: Cost = $\frac{3825000}{250000}$ × 80000 = 1224000

536000

1·3 :· Ex·int· S·P = 15000 × 90 = 1350000

less: cost $\frac{15000}{24000}$ × 1992000 = 1245000

Profit 105000

Right Issue

1 : 4

x 60000

= 15000

40% subs· — 6000 × 5 = 30000 → Invst

60% sell — 9000 × 2·25 = 20250 → P&L (Cr)

Question 10 ⇒ HW Question

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In the books of A ltd.

Investment in Equity shares of Allianz ltd. a/c

Date	Particulars	F.V.	Div.	Amount	Date	Particulars	F.V.	Div.	Amount
1.4.14	To, Bank	500000	-	535500	15.5.14	By, bank	-	-	10000
30.6.14	To, Bonus Issue	100000	-	0	30.11.14	By, bank	-	6000	-
1.10.14	To, Bank	25000		11250	31.12.14	By, bank	300000	-	257640
31.3.15	To, P&L	-	6000	-	31.3.15	By, balance c/d	325000		279110

Bonus Issue = N : E = 1 : 5
x : 5000
= 1000

Right Issue = N : E = 1 : 12
x : 6000
= 500

Subscribe 250 × 45 = 11250

Sell 250 × 5 = 1250

Bank a/c Dr. 1250
To, P&L 1250

W/N :- Calculation of Profit/loss on sale

31.12.14 :-
1. Selling Price :- 3000 × 95 = 285000
2. less: brokerage @ 2% × 285000 = (5700)
3. Net Selling Price = 279300
4. less: Cost (WA) $\frac{536750}{6250}$ = 257640
5. Profit on sale = 21660

Bank Dr. 279300
To, Invst 257640
To, P&L 21660

Question 13 :-

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1.1	31.3	1.5	1.8	30.9	1.10	31.12
×	× Interest	Purch 5000 D @ 105 (ex) → Int. pay	Purchase 2500 D @ 107 (cum) → Int. pay.	Interest	Sold 2000 D @ 103 (ex) → Int. pay.	Conversion 20% Deb. → 10000 ES → Int. recd. MV: ES = 15, D: 106

Accrued Int ... Accrued Int.

Investment in 13.5% Convertible Debentures a/c

Date	Particulars	FV	Interest	Amount	Date	Particulars	FV	Interest	Amount
1.5	To, Bank	500000	5625	525000	30.9	By. bank		50625	
1.8	To, bank	250000	11250	256250	1.10	By. bank	200000	0	206000
					1.10	By. P&L	-	-	2333
31.12	To, P&L	-	52312.5	-	31.12	By. bank	-	37125	-
					31.12	By. Invest. in ES	110000	-	114583
					31.12	By. Interest accrued	-	14850	-
					31.12	By. balance c/d	440000	-	458334

C = 458334

MV = 4400 × 106 = 466400

Investment in Equity Shares a/c

Date	Particulars	FV	Dividend	Amount	Date	Particulars	FV	Dividend	Amount
31.12	To Invest in Deb	100000	-	114583					
						By. balance c/d			114588

C = 114583

MV = 10000 × 15 = 150000

2500 × 107 = 267500
(11250)
256250

P/L :- E.I.S.P : 2000 × 103 = 206000

−C (WAM) : $\frac{781250}{7500} \times 2000 = 208333$

Loss = 2333

Conv :- 5500 × 20% = 1100

Invest in Equity Shares Dr. 114583

To Investment in Debentures 114583

$\left(\frac{572917}{5500} \times 1100\right)$

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Question 12 :-

1.1	31.3	1.4	1.7	30.9	1.10	1.12	31.12
→ Acc. Int.	Int.	Purchased 2000 D @ 108 (ex) → interest pay	Purchased 1000 D @ 112 (cum) → Interest pay	Int.	Sold 800 D @ 105 (ex) → interest rec.	Conversion 25% Deb. → E.S = 5000 sh. → Int. rec.	MV D = 110 ES = 15 → Accr. Int.

Investment in 8% Convertible Debentures a/c

Date	Particulars	F.V.	Interest	Amount	Date	Particulars	F.V.	Interest	Amount
1.4	To Bank	200000	0	216000	30.9	By bank	-	12000	-
1.7	To Bank	100000	2000	110000	1.10	By bank	80000	0	84000
					1.10	By P&L	-	-	2933
					1.12	By Invest in E.S.	55000		59767
31.12	To P&L	-	14033	-	~~1.12~~	~~By P&L~~	~~-~~	~~-~~	~~9767~~
					1.12	By bank	-	733	-
					31.12	By Int. accrued	-	3300	-
					31.12	By balance c/d	165000	-	179300

Investment in Equity Shares of C ltd. a/c

Date	Particulars	F.V.	Dividend	Amount	Date	Particulars	F.V.	Dividend	Amount
1.12	To Invest in Deb.	50000	-	~~50000~~ 59767					
					31.12	By balance c/d	50000	-	~~50000~~ 59767

C = 59767
MV = 5000 x 15
= 75000

W/N-1 :- Calculation of cost of debentures

1. Cum-interest purchase price : 1000 x 112 = 112000
2. less: interest : 1000 x 100 x 8% x 3/12 = (2000)
3. Ex-interest purchase price = 110000

W/N-2 :- Calculation of profit/loss on sale of debentures

1. Ex-interest selling price : 800 x 105 = 84000
2. less: Cost (WAM) : $\frac{326000}{3000} \times 800$ = 86933
3. Loss on sale = 2933

2200 D x 25% = "550 D Conversion"

5000 ES

Invest in Equity Shares Dr.	59767	
To. Investment in Debentures		59767

$TC = \frac{239067}{2200} =$

$TD = 2200$