

VARIABLE INCOME BEARING SECURITIES

L19

↓
Share

1. Interest: $\frac{\text{Purchase} - \text{Sale}}{\text{Sale}} \rightarrow x$

2. $\frac{\text{Cum - interest} - \text{Ex - interest}}{\text{Ex - interest}} \rightarrow x$

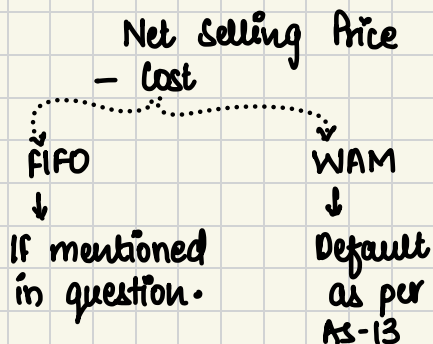
3. Calculation of cost of shares :

- a. Purchase Price
 - b. + Brokerage
 - c. + Stamp Duty
- Cost of purchase

4. Selling price of shares :

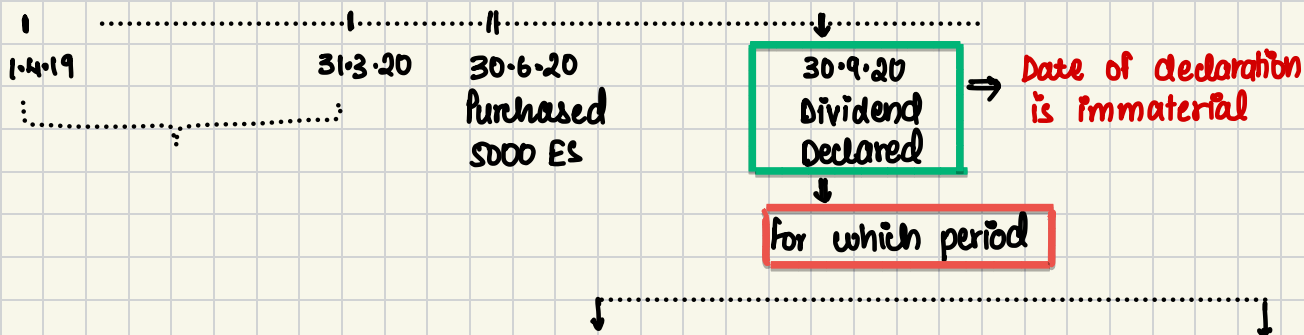
- a. Selling Price
 - b. - Brokerage
- Net selling Price

5. Calculation of profit/loss on sale



6. Accrued Interest : x

7. Dividend :-



Class Join :-

Investment	Dr.	10000
To, Bank		10000
Bank	Dr.	2500
To, Investment		2500

Prior to acquisition
 ↓
 Bank Dr.
 To, Investment in ES a/c
 ↓
 Pre-acquisition dividend

Post acquisition
 ↓
 Bank a/c Dr.
 To, P&L a/c
 ↓
 Post acquisition dividend.

8. Bonus shares : Cost of Bonus shares = 0

calculation of profit/loss on sale of bonus shares

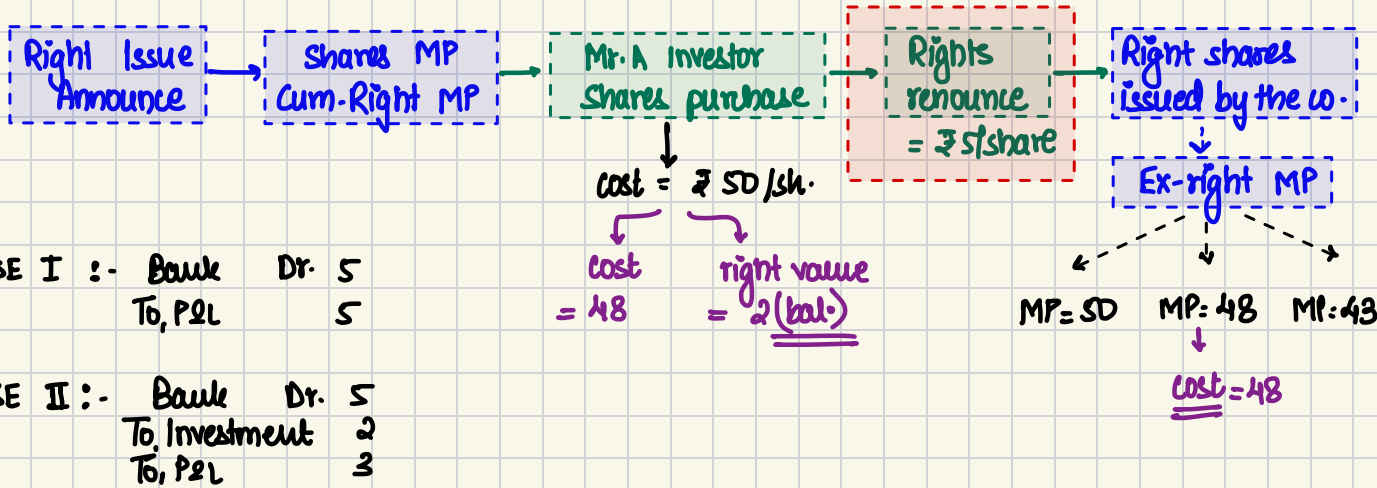
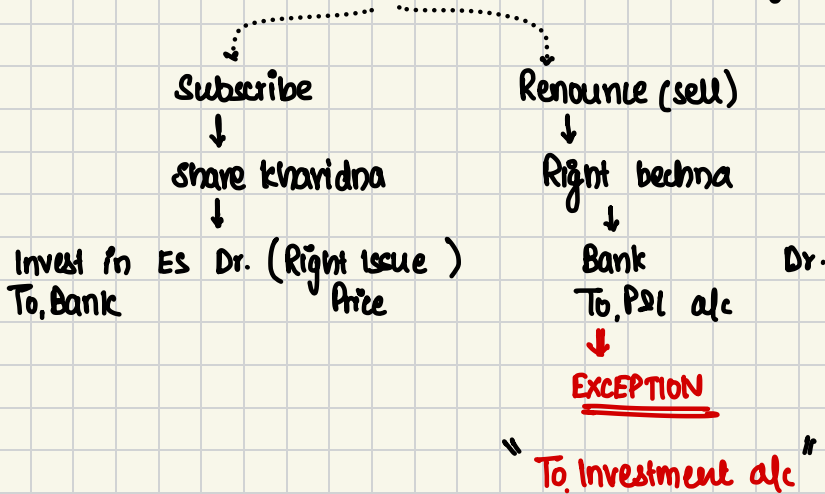
1- Net Selling Price = xxx
 2- less: Cost = 0 → wrong

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 It will still be calculated using weighted Average method.

Example :- 500 sh → 75000
 500 bonus sh → 0

$$\text{Cost 1 sh} = \frac{75000}{1000} = 75/\text{sh} \times 500 = \underline{\underline{37500/-}}$$

9. Right share :- Rights are given to existing sh



Investment in Pencil + Airpods Dr. 25000
To Bank 25000

Pencil + Airpods
25000/-

Bank
Investment in P+A

Dr.
Cr. 15000

Pencil = 10000/-

Airpods = ? $\Rightarrow$ 15000

Investment in ES Dr. 50
To Bank 50

Sh. lost + Right Val = 50

Bank
To Investment in ES Cr. 5
To P&L 2
3

Sh. lost = 48

$\Rightarrow$ Right value = 2

Invest. in ES Dr. 50

Sh. lost right = 50

Bank
Invst in ES Dr. 5
Cr. 7 x 5

Sh. lost = 43

rights = 5

Question 12: -

LA

1.1.	31.3	1.4.	1.7.	30.9	1.10.	1.12.	31.12
	x Int.	Purchased 20000 @ 108 (ex)	Purchased 10000 @ 112 (wm)	Int. Sold 8000 @ 105 (ex)		Conversion 25% Deb. → E.S. = 50000 sh.	MV D = 110 E.S. = 15
→ Acc. Int.		→ Interest pay	→ Interest pay	→ Interest rec.	→ Interest rec.	→ Int. rec.	→ 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	-	50000
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 cld. a/c

Date	Particulars	f.v.	Dividend	Amount	Date	Particulars	f.v.	Dividend	Amount
1.12	To, Invest in Deb.	50000	-	50000					
					31.12	By, balance c/d	50000	-	50000

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

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

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

1. Ex-interest selling price : $800 \times 105 = 84000$
2. less: cost (w/m) : $\frac{326000}{3000} \times 800 = 86933$
3. loss on sale = 2933

$22000 \text{ D} \times 25\% = \text{"SSD D conversion"}$

5000 ES

Invest in Equity Shares	Dr.	50000	}
PL	Dr.	9767	
To Investment in Debentures		59767	

$TL = \frac{239067}{TD = 2200} =$