VARIABLE INCOME BEARING SECURITIES
↓
Shares

L19

1. Interest : Purchase } → x
   Sale

2. Cum - interest } → x
   Ex - Interest

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

   Net Selling Price
   − Cost

   FIFO → If mentioned in question.
   WAM → Default as per AS-13

6. Accrued Interest : x

7. Dividend :-

1.4.19 ...... 31.3.20 ...... 30.6.20 Purchased 5000 ES ...... 30.9.20 Dividend Declared ⇒ Date of declaration is immaterial

↓

For which period

Class Join :- Investment Dr. 10000
To Bank 10000

Baule Dr. 2500
To Investment 2500

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

L19

Post acquisition
↓
Baule 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
↓
It will still be calculated using weighted Average method.

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

cost/sh = $\frac{75000}{1000}$ = 75/sh. x500 = 37500/-

9. Right Share :- Rights are given to existing SH

Subscribe
↓
Share kharidna
↓
Invest in ES Dr. (Right Issue Price)
To Bank

Renounce (sell)
↓
Right bechna
↓
Bank Dr.
To P&L a/c
↓
EXCEPTION
"To Investment a/c"

Right Issue Announce ⟶ Shares MP Cum-Right MP ⟶ Mr. A Investor Shares purchase ⟶ Rights renounce = ₹5/share ⟶ Right shares issued by the co.

Mr. A Investor Shares purchase ↓ cost = ₹50/sh.
cost = 48
right value = 2 (bal.)

Right shares issued by the co. ↓ Ex-right MP
MP = 50 MP: 48 MP: 43
MP: 48 ↓ cost = 48

CASE I :- Baule Dr. 5
To P&L 5

CASE II :- Baule Dr. 5
To Investment 2
To P&L 3

L19

Investment in Pencil + Airpods Dr. 25000
To Bank 25000

Pencil + Airpods
$\underbrace{\text{Pencil + Airpods}}_{25000/-}$

Bank Dr.
Investment in P+A Cr. 15000

Pencil = 10000/-

Airpods = ? → 15000

Investment in ES Dr. 50
To Bank 50

Sh. cost + Right Val = 50

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

Sh. cost = 48

→ Right value = 2

Invest. in ES Dr. 50

sh. cost right = 50

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

Sh. cost = 43

rights = 5

L19

Question 12:-

1.1.	31.3	1.4.	1.7.	30.9	1.10.	1.12.	31.12
→ Acc. Int.	× Int.	Purchased 2000D @108 (ex) → interest pay	Purchased 1000 D @112 (cum) → Interest pay	Int.	Sold 800 D @105 (ex) → interest rec.	Conversion 25% Deb. → E.S = 5000sh. → 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		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 c ltd. 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 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) : $\frac{326000}{3000}$ x 800 = 86933
3. Loss on sale = 2933

2200 D x 25% = "550 D Conversion"

5000 ES

Invest in Equity Shares	Dr.	50000	
P&L	Dr.	9767	
To. Investment in Debentures			59767

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

TD = 2200