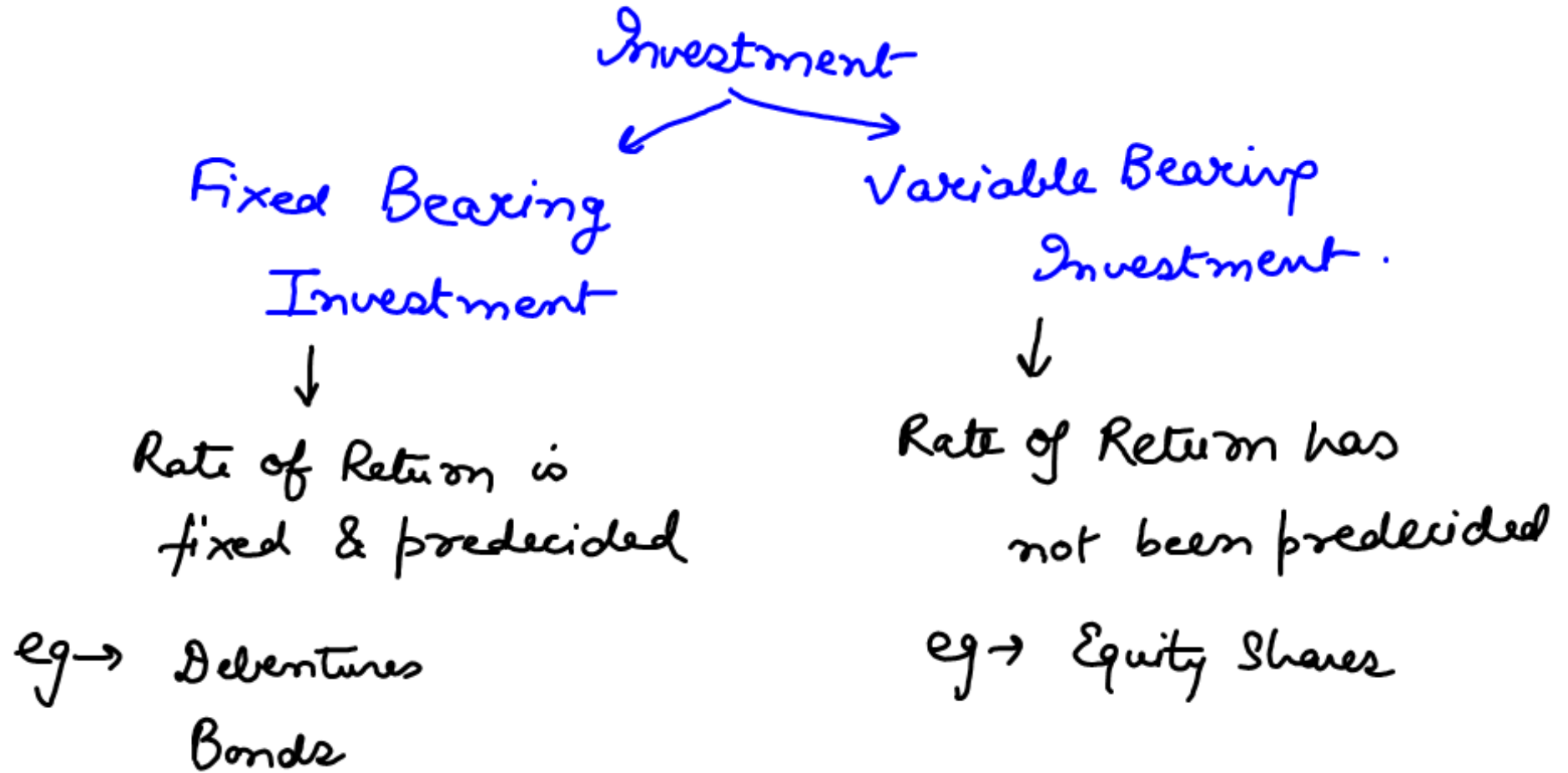
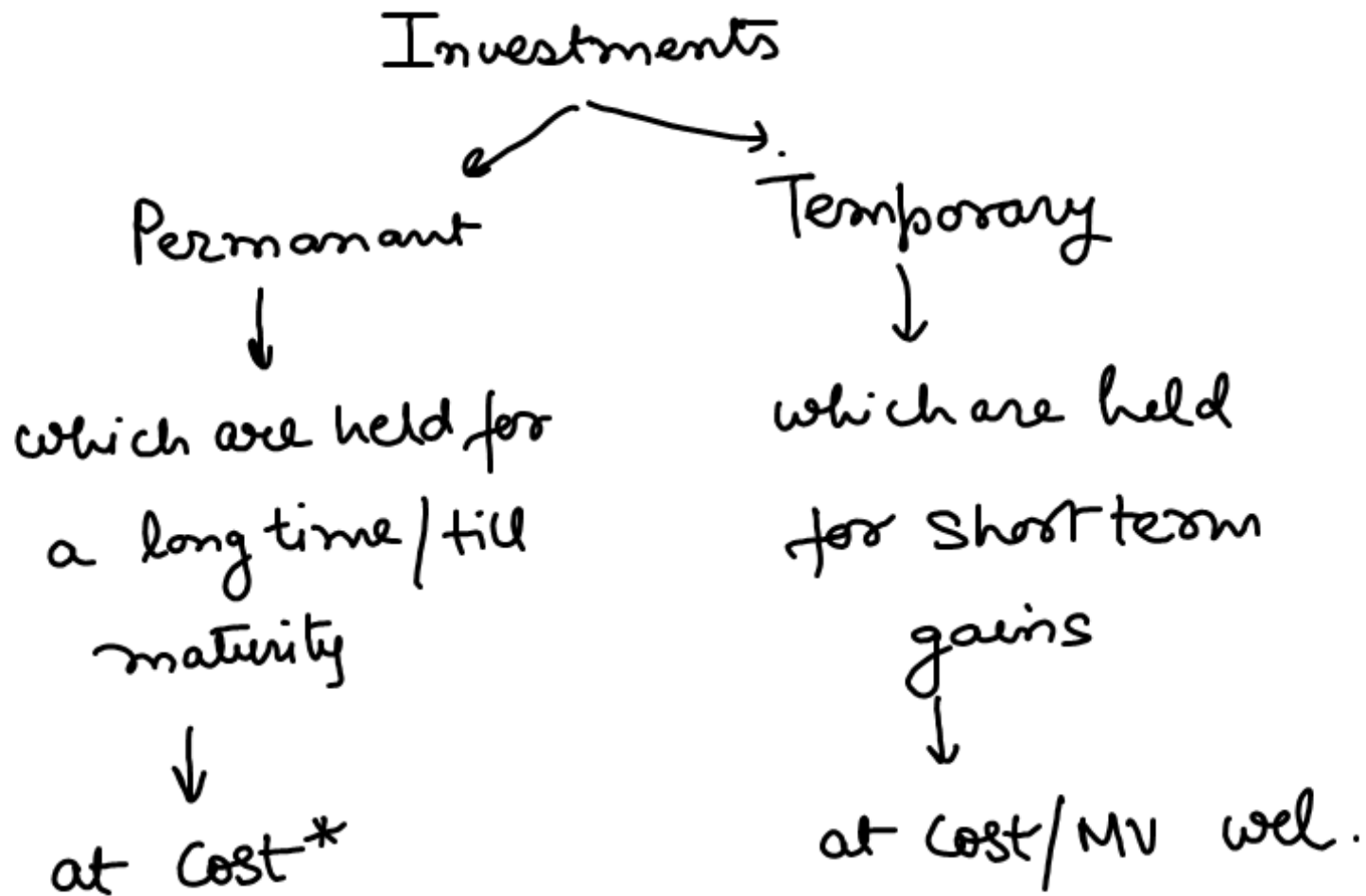




AS-13

# Investment Accounting





\* If there is permanent reduction in value of these investment, then it is reduced to that value.

## Variable Bearing Investments

### ① Purchase:

a) Entry → Investment Dr  
to Bank

b) Amount → Deal Price + Expenses

c) Expense → If Expense is in % then it is a  
% of deal price (not the face value)

② Sale

Entry: Bank Dr → Net SP. ✓  
P/L Dr → P/L

to Investment → cost ✓

Net SP = Deal Price - Expense ← % of Deal Price

Cost of Invt sold =  $\frac{\text{Total Cost}}{\text{Total Face Value}} \times \text{Face Value of Invt sold}$

As per AS-13, we can use only wgt avg method.

P/L = Net SP - Cost

↓  
is calculated on every sale separately

## Investment in Ep shares of X Ltd a/c.

Date	Particulars	Face value	Income	Amount	Date	Particulars	Face value	Income	Amount
1/4	To bal b/d	10000		127000	30/4	By Bank	30000		36000
10/4	To Bank	40000		52000		P&L			2357
15/5	Bonus sh.	55000		—					

↓  
 Dummy  
 column  
 ↓  
 To show FV

↓  
 Dividend/  
 other Inc  
 a/c

↓  
 Investment  
 A/c

$$\text{Cost of Input sold} = \frac{127000 + 52000}{140000} \times 30000$$

$$\text{Cost of Input sold} = 38357.$$

$$\text{SP of Input sold} = 36000.$$

---

loss	<u>2357</u>
------	-------------



### ③ Bonus Shares

They are Shares received free of cost by the S/M. Para 12 → Bonus Shares are not shown in Investment a/c. It can only increase face value.