

### INVESTMENT ACCOUNTING AS-13

1. Mr. Shivam holds 1,000 - 10% Debentures of ₹100 each in TM Ltd. as on 1st April, 2016 at a cost of ₹1,20,000.

Interest is payable half yearly on 30<sup>th</sup> September and 31<sup>st</sup> March every year.

Transactions for the year ended are as follows:

Date	No. of debentures	Transactions	Rates
30-06-2016	500	Purchase	₹102 cum-interest
01-10-2016	500	Purchase	₹97 ex-interest
31-12-2016	700	Sold	₹110 cum-interest
01-02-2017	300	Sold	₹98 ex-interest
01-03-2017	200	Purchase	₹105 cum-interest

The books of accounts are closed on 31st March every year.

Prepare Investment in 10% Debenture Account in the books of Shivam for the year ended 31-03-2017. Market value of the above investment on 31st March, 2017 was ₹1,30,000.

2. Following transactions appear in the books of Mr. Joshi for 12% Government Bonds of ₹100 each.

Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December every year. Transaction during the year ended 31-03-2016 are as follows:

Date	No. of Shares	Details
1st April, 2015	2400	Opening balance at a cost ₹2,28,000
15 <sup>th</sup> May, 2015	900	Sold @ ₹105 each cum interest
1 <sup>st</sup> Nov, 2015	2100	Purchased @ ₹98 ex-interest
1 <sup>st</sup> Dec, 2015	1200	Purchased @ ₹108 cum-interest
1 <sup>st</sup> Feb, 2016	2700	Sold @ ₹97 ex-interest

Prepare 12% Government Bond account in the books of Mr. Joshi for the year ended 31-03-2016.

Market value of the above investment on 31-03-2016 was ₹2,03,456.

3. Bangalore Investments hold 1200-6% Debentures of ₹100 each in MINERVA Ltd as on 1st April 2004 at a cost of ₹1,40,000. Interest is payable on 30th June and 31st December each year. Other details are as under:

Date	Particulars
1-6-2004	400 Debentures are purchased cum interest at ₹40,800
1-11-2004	400 Debentures are purchased ex-interest at ₹38,400
30-11-2004	600 Debentures are sold cum-interest for ₹64,500
31-12-2004	800 Debentures are sold ex-interest for ₹77,300

Prepare Investment Account valuing closing balance on 31-3-2005 at cost or market price whichever is lower. The debentures are quoted at par i.e. ₹100 per share on 31-3-2005.

4. Miss Bhagawati entered into the following transactions of purchase and sales of 12% Debentures of ₹100 each of Mansi Ltd.  
Interest is payable on 30th June and 31st December every year. Transactions are as under:

Date	No. of Debentures	Terms
01-04-2005	800	800 Opening Balance at a cost of ₹76,000
01-06-2005	300	Sold at ₹105 each cum-interest.
01-09-2005	700	Purchased at ₹98 each ex – interest.
01-12-2005	400	Purchased at ₹108 each cum-Interest
01-02-2006	900	Sold at ₹97 each ex-interest.

Prepare Investment Account of 12% Debentures in the books of Bhagawati for the year ended 31<sup>st</sup> March, 2006.

The market value on 31<sup>st</sup> March, 2006 was ₹67,500 of the said investment. Apply AS-13.

5. Mr. Sunil Submits the following details regarding his holdings in 8% Government Bonds of ₹100 each.

01-04-2007	<b>Opening Balance:</b> Nominal value of Bonds ₹50,000 Cost of the said Bonds ₹48500
	<b>Purchases:</b>
01-05-2007	Face value ₹75,000 for ₹76,300 cum interest
01-11-2007	Face value ₹1,12,500 at ₹99 ex-interest
	<b>Sales:</b>
01-06-2007	Face value ₹75,000 at ₹102 cum interest
01-12-2007	Face value ₹90,000 at ₹98 ex-interest

Interest is payable half yearly on 30th June and 31st December every year. The market price of investment as on 31st March 2008 was ₹70,000.

Prepare 8% Government Bonds Account in the books of Mr. Sunil for the year ended 31st March 2008.

**Note:** Use Weighted Average Method.

6. During the year ended 31st March, 2010 Mr. Virag bought and Sold the following 12% Debentures of ₹100 each of Limozine Ltd.

Interest being payable by Limozine Ltd. on 1st April and 1st October each year.

Date	Particulars
1st June, 2009	Bought 300 Debentures at ₹92 ex-interest
1st September, 2009	Bought 100 Debentures at ₹94 cum-interest
1st December, 2009	Sold 200 Debentures at ₹95 ex-interest
1st February, 2010	Bought 150 Debentures at ₹48 cum-interest.

Books are closed on 31st March every year. Market price on 31st March, 2010 was ₹90 Debenture.

You are required to prepare investment in 12% Debentures in Limozine Ltd. Account for the year ending 31st March, 2010 in the books of Mr. Virag. (Apply AS-13)

7. On 1st April, 2009, 200 6% debentures of ₹100 each of Excellent Ltd were held as investment by Mr. Tushar at a cost of ₹18,200.

Excellent Ltd. pays interest on 1st May and 1st November every year.

The following other transactions were entered by him during the year ended 31st March, 2010 in regard to these debentures.

Date	No. of debentures	Transactions	Rates
1st April, 2009	100	Sale	₹98 cum-interest
1st Oct, 2009	100	Purchase	₹104 ex-interest
1st Dec, 2009	200	Purchase	₹97 cum-interest
10 Feb, 2010	100	Sale	₹97 ex-interest

You are required to prepare investment in 6% Debentures in Excellent Ltd. account for the year ended 31st March, 2010 as it would appear in the books of Mr. Tushar. (Apply AS 13).

8. The following transactions of Mr. Narayan took place during the year ended 31-03-2014.

Interest is payable on 1st November and 1<sup>st</sup> May every year.

Face value of each Bond is ₹100.

1st April 2013	Purchased ₹12,00,000, 8% Bonds at ₹80.50 cum-interest.
12 <sup>th</sup> April 2013	Purchased 1,00,000 Equity Shares of ₹10 each in X Ltd. for ₹40,00,000.
1st May 2013	Received half-year's interest on 8% Bonds.
15 <sup>th</sup> May 2013	X Ltd. made Bonus issue of three Equity shares for every two shares held.
15 <sup>th</sup> June 2013	Mr. Narayan sold 1,25,000 Bonus shares for ₹20 each.
1st Oct 2013	Sold ₹3,00,000. 8% Bonds at ₹81 ex-interest
1st Nov 2013	Received half-year's bond interest.

Prepare 8% Bond account and Equity shares in 'X' Ltd. account in the books of Mr. Narayan for the year ended 31-03-2014.

9. On 1st April, 2009, Mr. Dhana Balu held 500, 6% Central Government Bonds of ₹100 each at a cost of ₹48,000 Interest is payable on 30th June and 31st December every year. He entered into following transactions in respect of 6% Central Government Bonds during the year ending on 31<sup>st</sup> March 2010.

**Purchases:**

- a) On 1st May 2009. Face Value of ₹10,000 at ₹102 cum-interest.
- b) On 1st September 2009, Face Value of ₹30,000 at ₹105 ex-interest.

**Sales:**

- a) On 1st August 2009, Face Value of ₹15,000 at ₹104 cum-interest.
- b) On 1st February 2010, Face Value of ₹15,000 at ₹102 ex-interest.

10. On 1st April, 2014; Mr. Mohandas held 400, 6% debentures of ₹100 each of Best Ltd., cost being ₹36,400.

Best Ltd. pays interest on 30th June and 31st December every year.

The following other transactions were entered by Mr. Mohandas during the year ended 31<sup>st</sup> March, 2015 in regard to these debentures.

<b>Date</b>	<b>No. of debentures</b>	<b>Transactions</b>	<b>Rates</b>
1st April, 2014	200	Sale	₹98 cum-interest
1st Oct, 2014	200	Purchase	₹104 ex-interest
1st Dec, 2014	400	Purchase	₹97 cum-interest
10 Feb, 2015	200	Sale	₹97 ex-interest



2. On 1-4-2010 Aditya had 50,000 equity shares in T Ltd. The face values of the shares were ₹10 each but their book value was ₹24 per share.

On 1-6-2010 Aditya purchased 10000 equity shares in T Ltd. at a premium of ₹6 per share.

On 1-7-2010 the directors of T Ltd. issued bonus shares at the rate of one share of one share for every three shares held.

On 1-01-2011 Aditya purchase 5000 right shares in T Ltd. of ₹10 each at ₹15 per share.

On 31-01-2011 he sold 20000 equity shares in T Ltd. of ₹10 each at ₹30 per share.

Show investment Account as it would appear in Aditya's books for the year ended 31-03-2011.

3. Mr. Arvind entered into following transactions of purchase and sale of Equity Shares of Aspi Ltd. The shares have paid up value of ₹10 per share.

Date	No. of shares	Terms
01-01-02	600	Buy @ ₹20 per share
15-03 02	900	Buy @ ₹25 per share
20-05-02	1,000	Buy @ ₹23 per share
25-07 02	2,500	Bonus shares received
20-12 02	1,500	Sale @ ₹22 per share
01-02-03	1,000	Sale @ ₹24 per share

Additional information:

- On 15th September 2002, dividend @ ₹3 per share was received for the year ended 31st March 2002.
- On 12th November 2002, the company made a rights issue of equity shares in the ratio of one share for five shares held on payment of ₹20 per share. He subscribed to 60% of the shares and renounced the remaining shares on receipt of premium of ₹3 per share.
- Shares are to be valued on weighted average cost basis.

You are required to prepare Investment Account for the years ended 31-3-2002 and 31-3-2003.

4. On 1st April, 2016 Mr. Rajesh holds 20,000 Equity shares of ₹10 each in H Ltd. at a cost of ₹31-03-2016

On 1st July, 2016, he purchased additional 4,000 shares of the same company at accost 65,000.

On 1st January, 2017, he purchased right shares announced by the company at the rate of two shares for every five shares held as on that date at ₹12 each.

On 1st January, 2017, he purchased additional 2,000 shares of the same company at accost 36,000.

Prepare investment in equity shares account in the books of Mr. Rajesh for the year ended 31<sup>st</sup> March, 2017.

5. Mr. Ashok entered into following transactions of Equity shares of ₹10/- each of Anmol Ltd.

Date	No. of Shares	Details
1st April, 2015	1500	₹34,500 cost (opening)
15 <sup>th</sup> May, 2015	1000	Purchases @ ₹22 per share
15 <sup>th</sup> July, 2015	2500	Bonus shares received
15 <sup>th</sup> Dec, 2015	1500	Sale @ ₹22 per share
1 <sup>st</sup> Feb, 2016	1000	Sale @ ₹24 per share

Additional Information:

a) On 1<sup>st</sup> Sept, 2015, dividend @ ₹3 per share was received for the year ended 31-03-2015

b) On 10<sup>th</sup> November, 2015, the company made a right issue of equity shares in the ratio of one share for every five shares held on payment of ₹20 per share.

Mr. Ashok subscribed for 50% of the shared and sold remaining of his rights @ ₹3 per share.

You are required to prepare Investment in Equity shares A/C in the books of Mr. Ashok for the year ended 31-03-2016.

6. Mr. Jinen had 10,000 equity shares of AP Ltd. on 1st April, 2017. The face value of the share is ₹10 each but book value on 1st April, 2017 was ₹15 per share.

- i. On 1st May, 2017 he purchased another 2,000 equity shares in AP Ltd., at having market price of ₹13 each.
- ii. On 1st June, 2017, he purchased additional 3,000 equity shares of the same company at a market price of ₹5 higher than face value.
- iii. On 1st July, 2017 he sold 3,000 equity shares at ₹25 per shares.
- iv. On 1st October, 2017 the directors of AP Ltd. had declared and issued bonus shares at the rate of one share for every four shares held as on that date.
- v. On 1st December, 2017 he purchased 2,000 equity shares of AP Ltd. when market price was ₹20.
- vi. On 1st January, 2018, he purchased 3,000 right shares in AP Ltd. at ₹18 per share.
- vii. On 1st February, 2018 he sold 2,500 equity shares for ₹25 per share.

Market Price of shares on 31st March, 2018 was ₹12 per share. Prepare Equity Shares A/c in Mr. Jinen's books for the year ended 31st March, 2018.

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