

MU - MARCH 2018									
Mr. Shivam has given the following details of investment in 12% debentures of Rs.100 each of BH Ltd. The interest is payable on half yearly basis on 30th Sept and 31st March every year. The books are closed on 31st March.									
Prepare investment a/c in books of Shivam for the year ended on 31.3.2018									
Date	Particulars		No of debentures	Terms					
1.4.17	Balance		2,000	Cost Rs.202,000					
30.6.17	Purchase		1,000	Rs.103 cum int					
1.9.17	Purchase		1,000	Rs.98 ex int					
1.11.17	Sale		1,200	Rs.102 cum int					
31.12.17	Sale		200	Rs.104 ex int					
1.2.18	Purchase		600	Rs.97 cum int					
1.3.18	sale		400	Rs.105 cum int					
In books of Shivam									
Investment in 12% Debentures of BH Ltd a/c									
Date	Particulars	FV	Interest	Investment	Date	Particulars	FV	Interest	Investment
		Rs.	Rs.	Rs.			Rs.	Rs.	Rs.
1.4.17	To bal b/d	2,00,000	-	2,02,000	30.9.17	by bank	-	24,000	-
30.6.17	To Bank	1,00,000	3,000	1,00,000	1.11.17	by bank	1,20,000	1,200	1,21,200
1.9.17	To Bank	1,00,000	5,000	98,000	31.12.17	by bank	20,000	600	20,800
1.11.17	To P&L a/c	-	-	1,200	1.3.18	by bank	40,000	2,000	40,000
31.12.17	To P&L a/c			800	31.3.18	by bank	-	16,800	-
1.2.18	To bank	60,000	2,400	55,800					
1.3.18	To P&L a/c	-	-	525	31.3.18	by bal c/d	2,80,000	-	2,76,325
31.3.18	To P&L a/c		34,200						
		4,60,000	44,600	4,58,325			4,60,000	44,600	4,58,325
			-				-		-
30.6.17	Purchase 1000 deb @ 103 cum int - Total amt			1,03,000	1.9.17	Purchase 1000 deb @ 98 ex int -			

	Less Interest				Cost of invt			98,000
	On FV 100,000 @ 12% pa for Apr-June 2017		3,000		On FV 100,000 @ 12% pa for Apr-Aug 2017			5,000
	Cost of investment		1,00,000		Total payment			1,03,000
30.9.17	Interest recd							
	Total FV 200,000+100,000+100,000		4,00,000	1.11.17	Sale 1200 deb @ 102 cum int			
	Interest @ 12% pa for 6 months Apr-Sept 17		24,000		Total amt recd			1,22,400
					less Interest for Oct on FV 120,000			1,200
31.12.17	Sale 200 deb @ 104 ex interest				Capital receipt for sale of investments			1,21,200
	Capital receipt on sale of deb		20,800		Less weighted average cost			
	Less weighted average cost				Total cost		4,00,000	
	Bal cost of deb = 400,000-120000 or 280,000				No of deb		4,000	
	No of deb = 4000-1200 = 2800				Weighted avg cost = 400,000/4000 x 1200			1,20,000
	Weighted avg cost = 280,000/2800 x 200		20,000		Profit on sale			1,200
	Profit		800					
				1.2.18	Purchase 600 deb @ 97 cum int			
	Interest recd from buyer- on FV 20,000 for Oct		600		Total payment			58,200
	to Dec 2017 i.e. 3 months @ 12% p.a.				Less int on FV 60,000 @ 12% pa for Oct			2,400
	Total amount recd = Cap rec + int		21,400		to Jan i.e. For 4 months			
					Cost of investment			55,800
1.3.18	Sale 400 deb @ 105 cum int							
	Total receipt		42,000	31.3.18	Interest recd			
	Less Interest on FV 40,000 @ 12% pa for 5 months		2,000		Total deb 3200-400= 2800			
	Capital receipt		40,000		Face value			2,80,000
	Less weighted average cost				Interest @ 12% pa for 6 mts			16,800
		Cost						
31.12.17	bal 2600 deb		2,60,000					
1.2.18	Pur 600 deb		55,800					
	Total 3200 deb		3,15,800					
	Weighted avg cost = 315,800/3200 x 400		39,475					
	Profit		525					

MU - NOV 2016									
Mr. Joshi has given the following details of investment in 12% Govt bonds of Rs.100 each. The interest is payable on half yearly basis on 30th June and 31st Dec every year. The books are closed on 31st March.									
Prepare investment a/c in books of Joshi for the year ended on 31.3.2016									
Date	Particulars		No of bonds	Terms					
1.4.15	Open bal		2,400	Cost Rs.228,000					
1.6.15	Sale		900	Rs.105 cum int					
1.9.15	Purchase		2,100	Rs.98 ex int					
1.12.15	Purchase		1,200	Rs.108 cum int					
1.2.16	Sale		2,700	Rs.97 ex int					
On 31.3.2016, the market value of investment was Rs.203,456.									
In books of Joshi									
Investment in 12% Govt Bonds a/c									
Date	Particulars	FV	Interest	Investment	Date	Particulars	FV	Interest	Investment
		Rs.	Rs.	Rs.			Rs.	Rs.	Rs.
1.4.15	Bal b/d	2,40,000	-	2,28,000	1.6.15	by bank a/c	90,000	4,500	90,000
1.4.15	To accrued int a/c	-	7,200	-	30.6.15	by bank a/c	-	9,000	-
1.6.15	To P&L a/c	-	-	4,500	31.12.15	by bank a/c	-	28,800	-
1.9.15	To bank a/c	2,10,000	4,200	2,05,800	1.2.16	by bank a/c	2,70,000	2,700	2,61,900
1.12.15	To bank a/c	1,20,000	6,000	1,23,600	1.2.16	by P&L a/c	-	-	3,544
31.3.16	To P&L a/c	-	33,900	-	31.3.16	By accrued int a/c	-	6,300	
					31.3.16	by P&L a/c			3,000
					31.3.16	by bal c/d	2,10,000	-	2,03,456
		5,70,000	51,300	5,61,900			5,70,000	51,300	5,61,900
			-				-		0

1.4.15	On 31.3.2015, interest for 3 months was accrued on FV Rs.240,000 @ 12% p.a. This entry is reversed on 1.4.2015 as								
	Interest a/c Dr		7,200						
	To Accrued interest a/c		7,200						
1.6.15	Sale 900 bonds @ 105 cum int				30.6.15	Interest recd			
	Total receipt		94,500			FV of bonds = Op bal- sale = 240,000-90000 or 150,000			
	Less Interest					Interest on FV 150,000 @ 12% pa for 6 months			
	on FV 90,000 Int @ 12% pa for		4500						
	Jan 15 to May 15 - 5 months				1.9.15	Purchase 2100 bonds @ 98 ex int			
	Capital receipt		90,000			Cost of investment			2,05,800
	Less Weighted avg cost					add interest on FV 210,000 @ 12% pa			4,200
	228,000/2400 X 900		85,500			for July & Aug 2015			
	Profit		4,500			Total payment			2,10,000
1.12.15	Purchase 1200 bonds @ 108 cum int				31.12.15	Interest recd			
	Total payment		1,29,600			No of bonds = 2400-900+2100+1200= 4800			
	Less Interest					On FV of Rs.480,000 @ 12% pa for 6 mts			28,800
	On FV 120,000 @ 12% pa for		6,000						
	July-Nov or 5 months								
	Cost of investment		1,23,600						
1.2.16	Sale 2700 bonds @ 97 ex int				31.3.16	Interest accrued			
	Less Weighted avg cost					No of bonds on 31.12.15			4,800
	No	cost				Less sold on 1.2.16			2,700
open bal	2400	2,28,000				Bal on 31.3.16			2,100
Purchase	2100	2,05,800				On FV 210,000 @ 12% pa for 3 months			6,300
Purchase	1200	1,23,600							
sale	-900	-85,500							
balance	4800	4,71,900							
	WAC = 471900/4800 X 2700		2,65,444						
	Loss on sale		3,544						

