

ACCOUNTING ENTRIES FOR INVESTMENTS

	DR	CR	Remarks
Purchase at ex interest price			
Investment a/c Dr			cost of investment
Interest a/c Dr			accrued interest
To bank			Total payment
Purchase at cum interest price			
Investment a/c Dr			cost of investment = Total payment - interest
Interest a/c Dr			accrued interest
To bank			Total payment
	DR	CR	Remarks
Sale at ex interest price			
Bank a/c Dr			Total receipt
To Investment a/c			Price recd towards capital cost
To Interest a/c			accrued interest
Sale at ex interest price			
Bank a/c Dr			Total receipt
To Investment a/c			Price recd towards capital cost= Total receipt - interest
To Interest a/c			accrued interest

	DR	CR	Remarks
Profit on sale			
Investment a/c Dr			Profit on the basis of weighted average cost
To P&L a/c			WAC = No of sec sold/No of Total sec x Total cost of invt on date of sale
	DR	CR	Remarks
Interest recd on due date			
Bank a/c Dr			
To Interest a/c			

Interest accrued at year end			
Accrued interest a/c Dr			
To Interest			
Transfer of interest			
Interest a/c Dr			
To P&L a/c			
Valuation at year end			
P&L a/c Dr			Cost - MV
To Investment a/c			Loss accounted on for ST investments