AS 13 Accounting for Investment

Summarised

Investment: Assets held for Earning Income by way of Dividend, Interest and Rentals for capital Appreciation or other Benefits.

Types of Investment
a) CI: Readily Realisable and Intended to be held for not more than 1 year.
b) LTI: Other than CI

Cost of Investment
A) PP+Acq Charges(Brokerage,Fees and Duties)

B) Investmemt Acquired by
i) Issue of Shares or Securities: PP= FV of Securities issued
ii) Exchange of Another Asset: Acq Cost= FV of Asset given up OR FV of Invst Received if that is more clearly Evident.

C) Pre Acq Interest/Dividend: Reduced frm Cost

D) Right Shares: Cost is added to CA of Invst. Right shares not subscribed and Right is sold, then sale proceeds are taken to P/L provided original shares were not Cum Right. If Original shares were Cum Right and mkt value of Invst falls after it becomes Cum Right then Cost will be Reduced by Amt Recd.

Valuation of Investment
A) CI= Lower of Cost or NRV

B) LTI= Usually at Cost, If there is Permanent Decline then Reduced by Amt of Decline.

Indicators of Value of Invst are obtained by ref to Mkt Value,Investee's Assets and Results, Cash Flow etc.

Reclassification of Invst
A) LTI»CI = Tfr made at Lower of Cost OR CA

B) CI»LTI= Transfer made at Lower of Cost OR FV