

Accounting for Investments

6th Edition

By Steven M. Bragg

Table of Contents

Chapter 1 – Accounting for Investments	1
Learning Objectives	1
Introduction.....	1
Types of Investments	1
Types of Bonds.....	2
Types of Stock.....	4
Repurchase Agreements.....	6
Time Deposits.....	6
Certificates of Deposit	6
Bankers' Acceptances.....	7
Commercial Paper	7
Money Market Funds	8
U.S. Government Debt Instruments.....	8
State and Local Government Debt.....	9
Investment Classifications	9
Equity Securities without Readily Determinable Fair Values.....	15
The Realized and Unrealized Gain or Loss.....	15
Other Comprehensive Income.....	16
Purchase and Sale of Investments	18
The Gain or Loss Calculation	18
Noncash Acquisition of Securities.....	19
Assignment of Costs to Securities	19
Lump-Sum Purchases.....	20
Conversion of Securities	21
Sale of Securities	22
Accounting for Dividends and Interest Income	22
Stock Dividends and Stock Splits	23
Noncash Dividends	24
Ongoing Accounting for Investments	24
Impact of Influence on Accounting Method	24
The Fair Value Option	26
Investment Transfers	27
The Effective Interest Method.....	28
Impairment of Investments	31
Accounting for Credit Losses.....	33
Presentation of Investments in the Financial Statements	34
Trading Securities	35
Held-to-Maturity Securities	35
Available-for-Sale Debt Securities	36
Other-than-Temporary Impairment	37
Credit Losses.....	37
Investment Disclosures	37
Summary	40

Table of Contents

Review Questions	42
Review Answers	43
Chapter 2 – The Equity Method.....	45
Learning Objectives	45
Introduction.....	45
The Equity Method	45
Partnerships, Joint Ventures, and Limited Liability Entities.....	50
Investment Disclosures	50
Review Questions	52
Review Answers	53
Chapter 3 – Nonprofit Investment Accounting.....	55
Learning Objectives	55
Introduction.....	55
Contributed Investments	55
Purchased Investments.....	55
Subsequent Measurement of Investments.....	55
Gains and Losses on Investment	56
The Equity Method of Accounting.....	57
Nonprofit Investment Policies	57
Investment Disclosures	58
Summary	60
Review Questions	62
Review Answers	63
Chapter 4 – Investment Controls and Procedures	65
Learning Objectives	65
Introduction.....	65
The Investment Control Environment.....	65
Investment Policies	68
The Investment Quote Sheet.....	70
The Funds Investment Procedure.....	71
Earnings on Invested Funds.....	75
Summary	76
Review Questions	77
Review Answers	78
Glossary	79
Index.....	81