

Share Investments

Our business does not trade with shares. To raise capital it only invests on shares. After selling the shares profits are to be considered as Capital Gain. Share investment is a side income of owner.

To have an investment for more than 1 year without having the proper purchase entry, we can use Opening Balance option in ledger or stock item.

But at first we need to create a Godown / Location.

GOT --- Create --- Location / Godown --- Create New --- F12 --- Enable third party stock details --- Yes --- Accept.

Name --- Shares Stocks

Under --- Primary

Allow Storage of Materials --- Yes

Third party stock with us --- Yes --- Accept.

GOT --- Create --- Ledger --- F12 --- Use Inventory allocations for ledger --- Yes

Name --- HEMIPROP

Under --- Share Investments (Created a new group under 'Investments')

Inventory values are affected --- Yes --- Opening Balance --- 5000

--- Accept.

GOT --- Create --- Stock Item

Name --- HEMIPROP

Under --- Shares

Opening quantity --- 100 --- Godown --- Select 'Shares Stocks' --- Rate --- 50 --- Accept.

Go to Balance Sheet --- Detailed (Alt + F5) --- Investments --- 5000 --- But under 'Closing Stocks' shares quantity is not available.

Enter on 'Closing Stocks' --- Basis of Values (CTRL + B) --- Godown Type --- Enter --- Select 'Third Party Stock with us' --- Accept

Now the share quantity is showing.

Next, we are going to post a new share purchase entry.

Create Ashok Layland Ltd. as a ledger and stock item as we did for HEMIPROP. In ledger of Ashok Layland, keep enabled the option 'Inventory Values are affected'.

There are also some additional cost.

- SEBI Turnover fees
- Swachh Bharat Cess
- Krishi Kalyan Cess
- STT
- IGST

Create a new ledger group 'Share Expenses' under the main group of 'Capital Account'.

Use the group 'Share Expenses' for all the additional cost ledgers.

Create another ledger of a broker.

Name --- Zerodha Broking Ltd.

Under --- Sundry Creditors

Maintain Balances bill – by – bill --- No

Inventory values are affected --- No --- Accept.

After purchase, we will get a contract number from Broker. To type manually the contract number we have to make required alteration in Journal Voucher type since our purchase and sales entry both will be done in Journal.

GOT --- Alter --- Voucher Type --- Journal ---- Method of Voucher numbering --- Manual --- Accept.

GOT --- Vouchers --- Journal (F7) --- Type the contract number.

| Journal No. 65365 | | 1-Jun-22 Wednesday | |
|--|----------|-----------------------|--|
| Particulars | Debit | Credit | |
| Dr Ashok Layland Ltd. <i>Cur Bal: 6,000.00 Dr</i> | 6,000.00 | | |
| Ashok Layland Ltd. 100 Pcs 60.00/Pcs 6,000.00 | | | |
| Dr STT <i>Cur Bal: 0.01 Dr</i> | 0.01 | | |
| Dr SEBI Turnover Fees <i>Cur Bal: 4.00 Dr</i> | 4.00 | | |
| Dr Krishi Kalyan Cess <i>Cur Bal: 2.00 Dr</i> | 2.00 | | |
| Dr Swachh Bharat Cess <i>Cur Bal: 2.00 Dr</i> | 2.00 | | |
| Cr Zerodha Broking Ltd. <i>Cur Bal: 6,008.01 Cr</i> | | 6,008.01 | |

Next, post a sale entry.

| Journal No. 45246 | | 1-Jul-22 Friday | |
|---|----------|--------------------|----------|
| Particulars | Debit | Credit | |
| Dr Zerodha Broking Ltd. Cur Bal: 0.00 Dr | 5,985.99 | | |
| Dr STT Cur Bal: 0.02 Dr | 0.01 | | |
| Dr IGST Cur Bal: 4.00 Dr | 4.00 | | |
| Dr Swachh Bharat Cess Cur Bal: 4.00 Dr | 2.00 | | |
| Dr Krishi Kalyan Cess Cur Bal: 4.00 Dr | 2.00 | | |
| Dr SEBI Turnover Fees Cur Bal: 10.00 Dr | 6.00 | | |
| Cr Hemiprop Cur Bal: 0.00 Cr | | | 6,000.00 |
| Hemiprop 100 Pcs 60.00Pcs | 6,000.00 | | |

GOT --- Display More Reports --- Account Books --- Ledger --- HEMIPROP --- 1000 Cr. --- Credit balance means it is a capital gain.

We have to adjust the capital gain with capital account.

Create a capital gain ledger.

If the holding period is more than 12 months, then it is long term capital gain.

Create --- Ledger --- Name --- LTCG --- Under --- Capital Account --- Accept

Journal (F7)

Dr. HEMIPROP ---- 1000

Cr. LTCG ----- 1000 --- Accept.

Check Balance Sheet.