

Accounting for Investments

Learning Objectives:

After completing this section, you should be able to:

- Recognize the differences between trading securities, available-for-sale securities, and held-to-maturity securities.
- Identify the categories of equity securities and the accounting and reporting treatment for each category.
- Properly identify how purchases, sales, and changes in fair value of securities affect accounts.
- Recognize the proper classification and disclosure of investments in securities.
- Determine when it is appropriate to use the equity method to account for investments in other companies.