Investments in Debt & Equity Securities (ASC 320 / 321) Cheat Sheet

Trading, AFS, Held-to-Maturity, Fair Value Through Net Income & Equity Method Accounting

1. DEBT SECURITIES CLASSIFICATION & MEASUREMENT (ASC 320)

Category & Intent	Balance Sheet Valuation	Unrealized Gains / Losses	Income Statement Effects
Trading Securities **(Bought for short-term profit)**	**Fair Value** (Current Asset)	**Net Income (Income Statement)**	Interest revenue + Realized gains/losses + Unrealized gain/loss.
Available-for-Sale (AFS) **(Neither Trading nor HTM)**	**Fair Value** (Non-Current/Current)	**Other Comprehensive Income (OCI)** Accumulated in AOCI (Equity)	Interest revenue + Realized gains upon sale. (Unrealized bypasses Net Income).
Held-to-Maturity (HTM) **(Positive intent & ability to hold)**	**Amortized Cost** (Carrying value less impairments)	**Ignored / Not Recognized** (No fair value adjustments)	Interest revenue amortized via Effective Interest Method.

2. EQUITY INVESTMENTS CLASSIFICATION (ASC 321 & ASC 323)

Ownership % & Influence	Accounting Method Applied	Dividend Treatment & Earnings Recognition
< 20% Ownership **(No significant influence)**	**Fair Value Through Net Income (FVTNI)** (ASC 321)	Dividends received recognized as **Dividend Revenue**. Unrealized holding gains/losses recognized directly in **Net Income**.
20% to 50% Ownership **(Significant influence)**	**Equity Method** (ASC 323)	Record at cost. Increase carrying value by share of investee Net Income (Dr. Investment / Cr. Equity Income). **Dividends reduce carrying value (return of capital)**.
> 50% Ownership **(Controlling interest)**	**Consolidation** (ASC 810)	Parent consolidates 100% of subsidiary assets, liabilities, revenue, and expenses on financial statements; establishes Noncontrolling Interest (NCI).