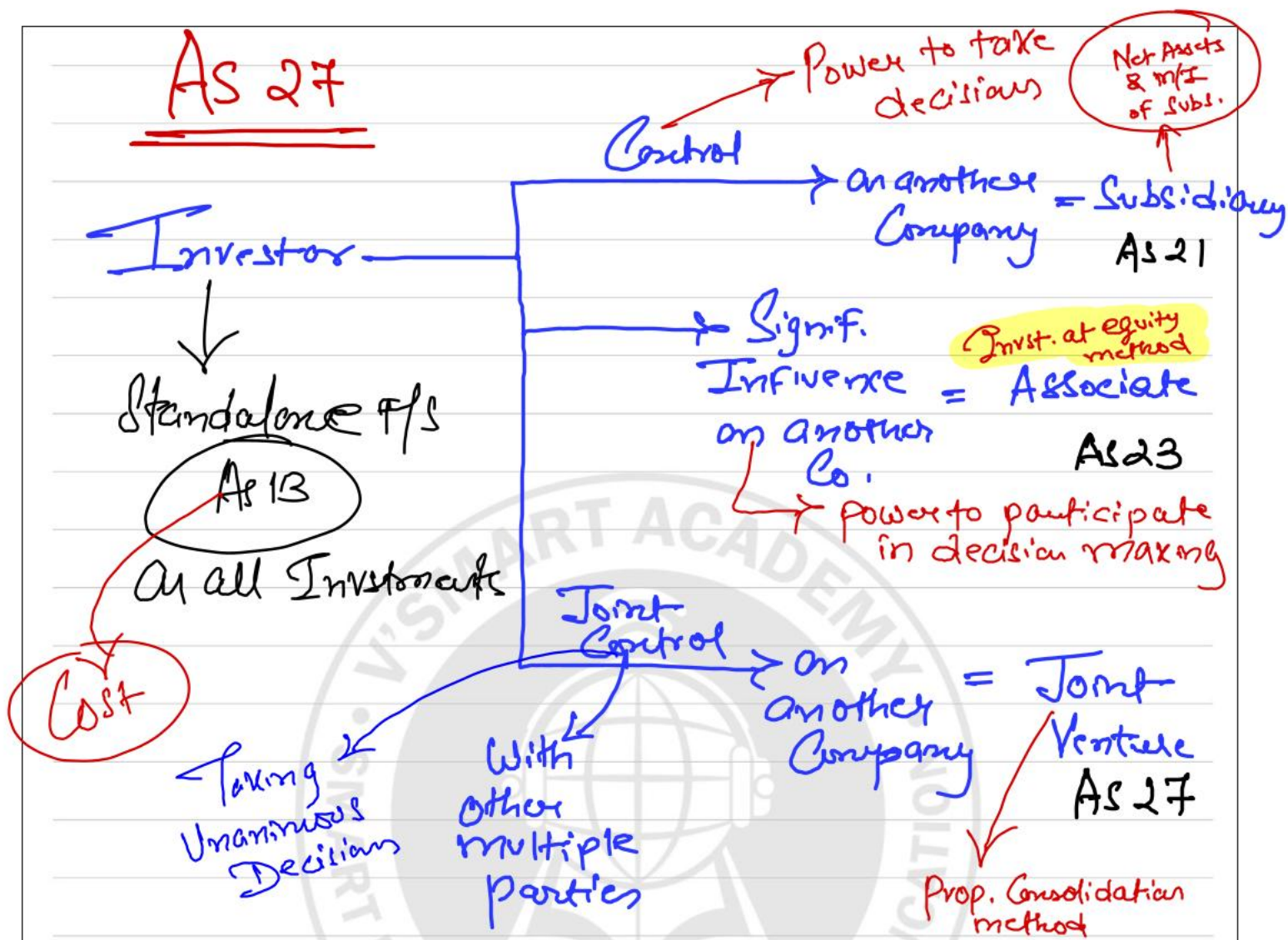
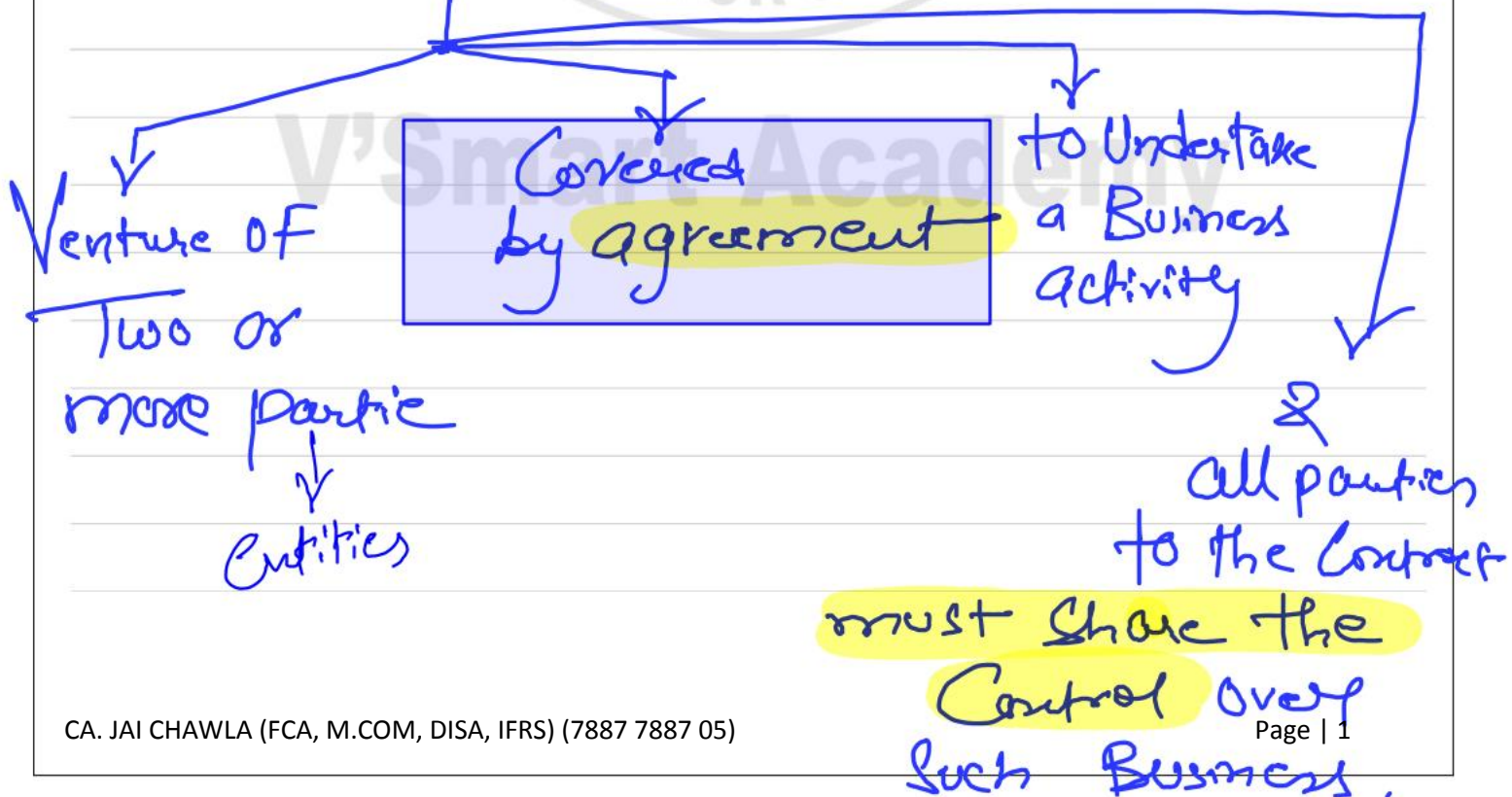


AS 27



What is JV ?



(Joint Control)

H-Subsd. \Rightarrow more than 50% VR

I-Associate \Rightarrow 20% or more VR

JV \rightarrow % is not defined (minimum % is not required)

Instead Contract/agreement is required

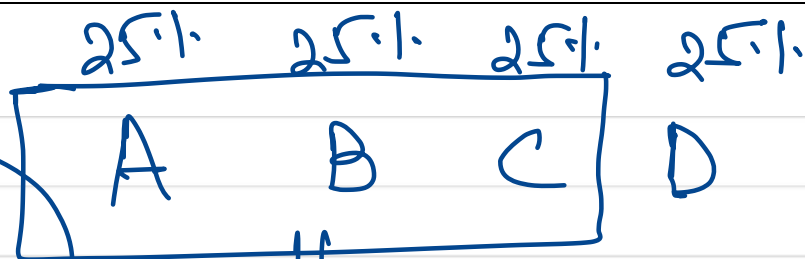
(+)

Joint Control

A Ltd	B Ltd	C Ltd	D Ltd
10%	20%	10%	60%

Agreement to share control exist
then it is a JV

Another Example



A, B & C
shall follow AS 27

Agreement
to share
Control

D = is not having Joint Control

But since D has 20% or more
it has Significant Influence

D shall apply AS 23

Types OF JV

Jointly
Controlled
Asset
(JCA)

Jointly
Controlled
operation
(JCO)

Jointly
Controlled
Entity
(JCE)

JCA \Rightarrow Venturers has purchased / Invested
on an Asset & they
Operate such Asset
Jointly.

Accounting Under JCA :-

Every Venturer shall record its own
share of Jointly Controlled Asset

Eg:- A Ltd & B Ltd Constructed
One Warehouse together
& incurred 30 Lacs Each

<u>A</u>	<u>B</u>
Warehouse (50%) 30 /	Warehouse (50%) 30 /
To Bank 30	To Bank 30

JCO

Two or more Entities

Partnership Firm

Entered into an Agreement to Undertake a Business Activity but without forming a separate legal Entity.

pvt ltd. Co.
ltd. Co.
Incorporated Entity

Example

A Ltd. & B Ltd. started constructing one Bridge & giving services to the Govt.

They Both will share Revenue equally.

A Ltd will apply its own Equipment in the Construction & B Ltd shall contribute Raw material

Books of A

Equipment will be shown in Books of A only.

50% Revenue of JV shall be recognised

Books of B

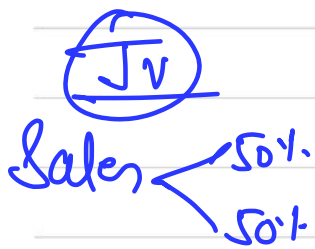
Rm expense is recognised by B only.

50% Revenue of JV shall be recogn.

Accounting Under JCO

→ No Separate Books of Joint Venture

→ Each Ventures shall record in its own Books! —



a) It's share of Revenue in JV

b) It's share of Expense in JV

c) It's share of Assets/Liab. in JV

d) Assets/Liab. of Ventures with 100% share.

e) Incomes/Expenses of Ventures with 100% share

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JCE

Business activity by
Two or more Venturers
Contractually with the
Help of Separate Legal
Entity.

A Ltd & B Ltd = JV Ltd.
50% 50%

Accounting in JCE

Books of
JCE (JV)



Now this JV has
its own Books
its BPs its P&L

Books of Joint
Venturers (Parties)

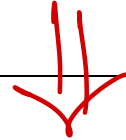


They will apply
AS 27
& follow

"Proportionate
Consolidation
method"



Venturers = 40% share



Holding 80%

100% A&L
20% M/S

Goodwill (CR)

→ 40% Assets/Liab. of JV shall be included

→ No M/S

→ COC :-

PC (Invst 40%) = XXX

(←) 40% of N/Assets = XXX

Goodwill/CR

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Q6

Part 1 :- Subsidiary

AOP:-

Particulars	DoA Pre Acq 1/7	Post Acq 1/7 to 31/3	B/s 31/3
R&S	480000 (1/4)	270000	750000
(+/-) T. adj 3m	67500	$\left(\frac{270000 \times 3}{12}\right)$	
	547500	202500	
H 80%.	438000 ⁶⁰	162000	
M/E 20%.	109500	40500	

COC

Invest in S (80%) = 1100000

(-) prop. share in NA:—

Ek (80%) (640000)

Pre Acq Profit share (438000)

Goodwill 22000

$$\begin{aligned} \underline{\underline{M(I):-}} \quad \text{Esc (20\%)} &= 160000 \\ (+) \text{ Pre Acq} &= 109500 \\ \hline \end{aligned}$$

$$M/I \text{ on DoA} = 269500$$

$$\begin{aligned} (+) \text{ post Acq} &= 40500 \\ \hline &= 310000 \\ \hline \end{aligned}$$

Cons. P&L OF H :-

$$\text{Bal. OF H (P&L)} = 900000$$

$$\begin{aligned} (+) \text{ post Acq share} &= 162000 \\ \text{from S} & \end{aligned}$$

$$\begin{aligned} (+) \text{ post Acq share} &= 112500 \\ \text{from Jr} & \end{aligned}$$

$$\begin{aligned} (+) \text{ Post Acq share} &= 40500 \\ \text{in Ass. (equity m.)} & \end{aligned}$$

$$\hline 1215000$$

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Jr :-

±) AOP :-

	<u>Pre</u>	<u>Post</u>	<u>Bls</u>
P&L	150000	300000	450000
(+/-) Tradg	75000	$\left(\frac{300000}{12} \times 3\right)$	

H (50%)

225000 225000

112500 112500

2) Coc :- Invest (50%) = 500000

(-) Prop. share in NA

Esc pre = (300000)
= (112500)

Goodwill = 87500

Associate

Equity method

on DOA

on B/s

Invest Cost = 160000

Revised Invest = 199500

(-) Prop. NA

(+) Post Acq share = 40500

Esc 30% = (150000)
Pre Acq = (49500)

240000

39500

Invest 39500
To CR 39500

Invest Dr. 40500
To Cr. 40500
P&L

AOP:-

	<u>Pre</u>	<u>Post</u>	<u>B/s</u>
Pal	120000	180000	300000
(+/-) Tradj 3m	45000	(45000)	
	<u>165000</u>	<u>135000</u>	
	X 30%	X 30%	
	<u>49500</u>	<u>40500</u>	

Cons. B/s of H Ltd.

Esc		10,00,000
Cons. Res	1215000	1254500
	CR (+) 39500	
Minority Interest		310000
Liabilities	H 1100000	20,25,000
	S 650000	
	J 275000	
	<u>20,25,000</u>	
		<u>45,89,500</u>

Investment in Ass. (30%)

Goodwill

S 22000

JV 87500

240000

109500

Other Assets

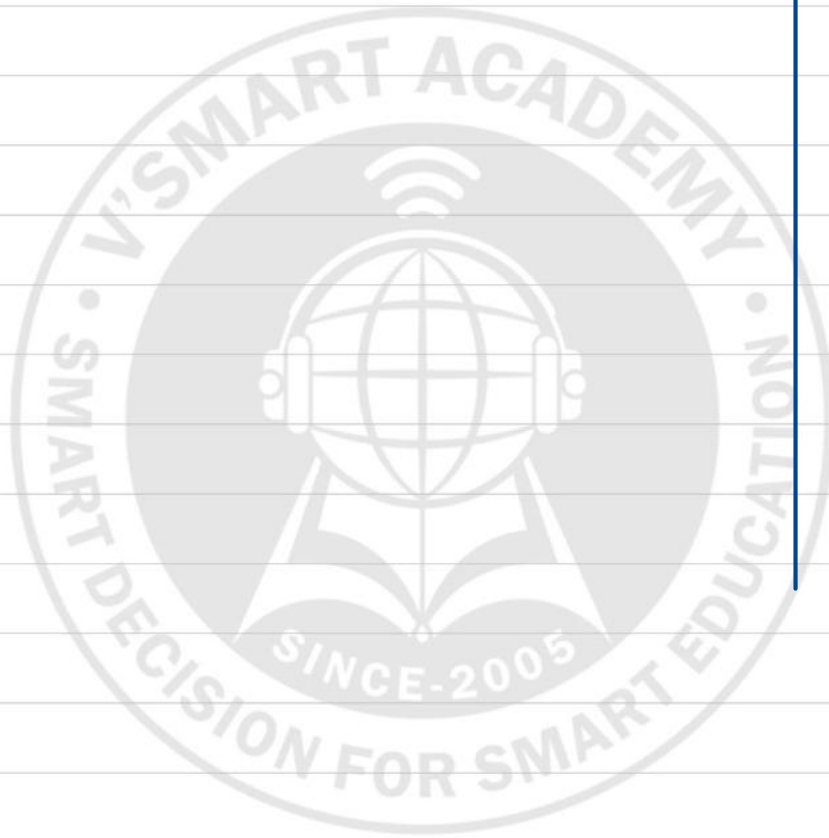
H 1240000

S 2200000

Jr 800000

42,40,000

45,89,500



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Q2

Calculation of Carrying Amt of Assets (Combined)

Particulars	Org. Cost	Dep.	Clsg WDV
Building	1200000	60,000	11,40,000
Pipeline	60,00,000	9,00,000	51,00,000
Computers etc	300,000	1,20,000	1,80,000
Vehicles	90,00,000	18,00,000	7,20,000
	<u>84,00,000</u>	<u>12,60,000</u>	<u>71,40,000</u>

Combined B/s

Capital	71,40,000
PPE :-	
Gross 8400000	
(-) Prov. For Dep. 1260000	
	71,40,000

A Ltd.

B/S (extract)

PPE :-	
Gross	₹ 2800000
(-) Prov. for Dep.	(420000)
	₹ 23,80,000

Stat. P&L (extract)

Depreciation	420000
Maintenance Exp	200000

Same for B Ltd. & C Ltd.

<u>Q1</u>	<u>A</u>	<u>B</u>	<u>C</u>	
Land purchase	60,00,000	Material	950000	
Loan taken	50,00,000		Other Exp	900000
Interest on loan	200000		Labour	
Registration fees	60000		Adv.	

Books of Mr. A

JV A/c (outflow & inflow)

To Land 60,00,000	By One Fiat 10,00,000
To Interest 200000	By Sales. 40,00,000
To Registration 60000	By B [Debtors] 1420000
To profit 630000	By C [Debtors] 470000

Books of Mr. B

JV A/c

To Material 950000	By One Fiat 10,00,000
To profit 630000	By Sale 20,00,000
To Mr. A 1420000	

1420

Books of Mr. C

JV A/c

To Exp. 900000 (Lab., Adr. etc)	By One Fiat 10,00,000
To profit 630000	By Sales 10,00,000
To Mr. A 470000	

470

Consolidated P&L of Jv

To Land 60,00,000

To Inter. 200000

To Reg. 60000

To Material 950000

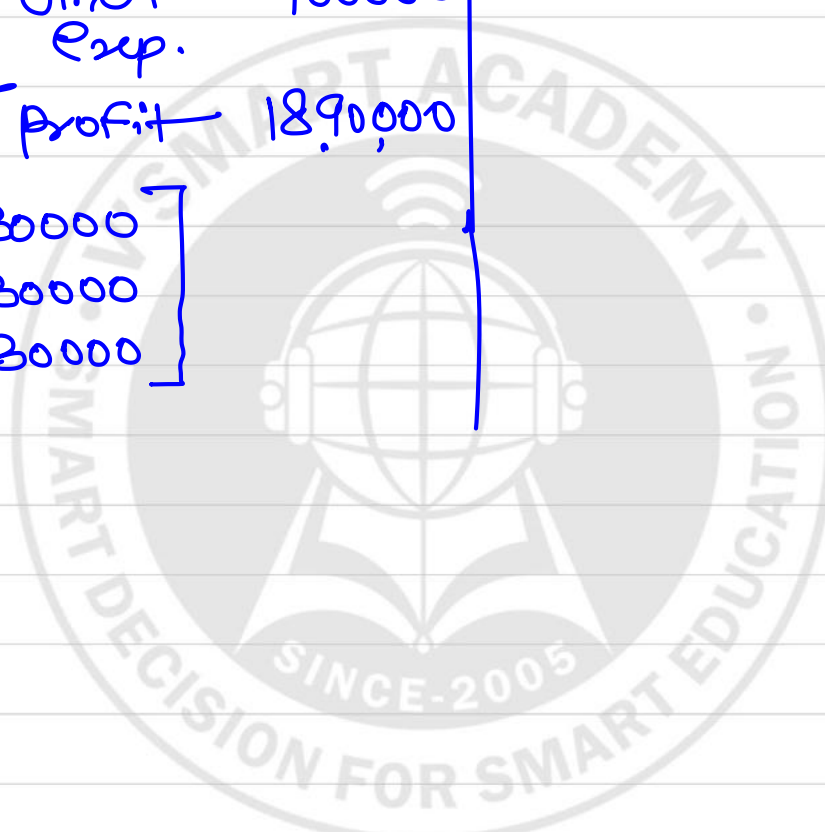
To Other Exp. 900000

To Profit 18,90,000

[A 630000
B 630000
C 630000]

By Ventures 30,00,000
(1 Fiat each)

By Sales 70,00,000



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Transactions between Partners & JV

Ex:-1 There is a JV of Mr. A & Mr. B
Ratio 1:1

Mr. A has PPE
in its own = 100000
Books

This PPE is sold by Mr. A to its JV at
120000

(Sol):- NO Profit booking shall be done on its
own share by Mr. A

Books of A

Share in PPE Dr. 50000
B Dr. 60000

To PPE 100000
To Gain 10000

Books of B

Share in PPE Dr. 60000
To A a/c 60000

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Ex:- 2

There is a JV OF Mr. A & Mr. B
Ratio 1:1

JV has PPE
OF = 100000

This PPE is sold by JV to Mr. A at 120000

Sol):-

Books of A		Books of B	
		A a/c Dr. 60000	
PPE a/c Dr. 110000 (B/A)		To Share in PPE 50000	
To Share in PPE 50000		To Gain 10000	
To B 60000			

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