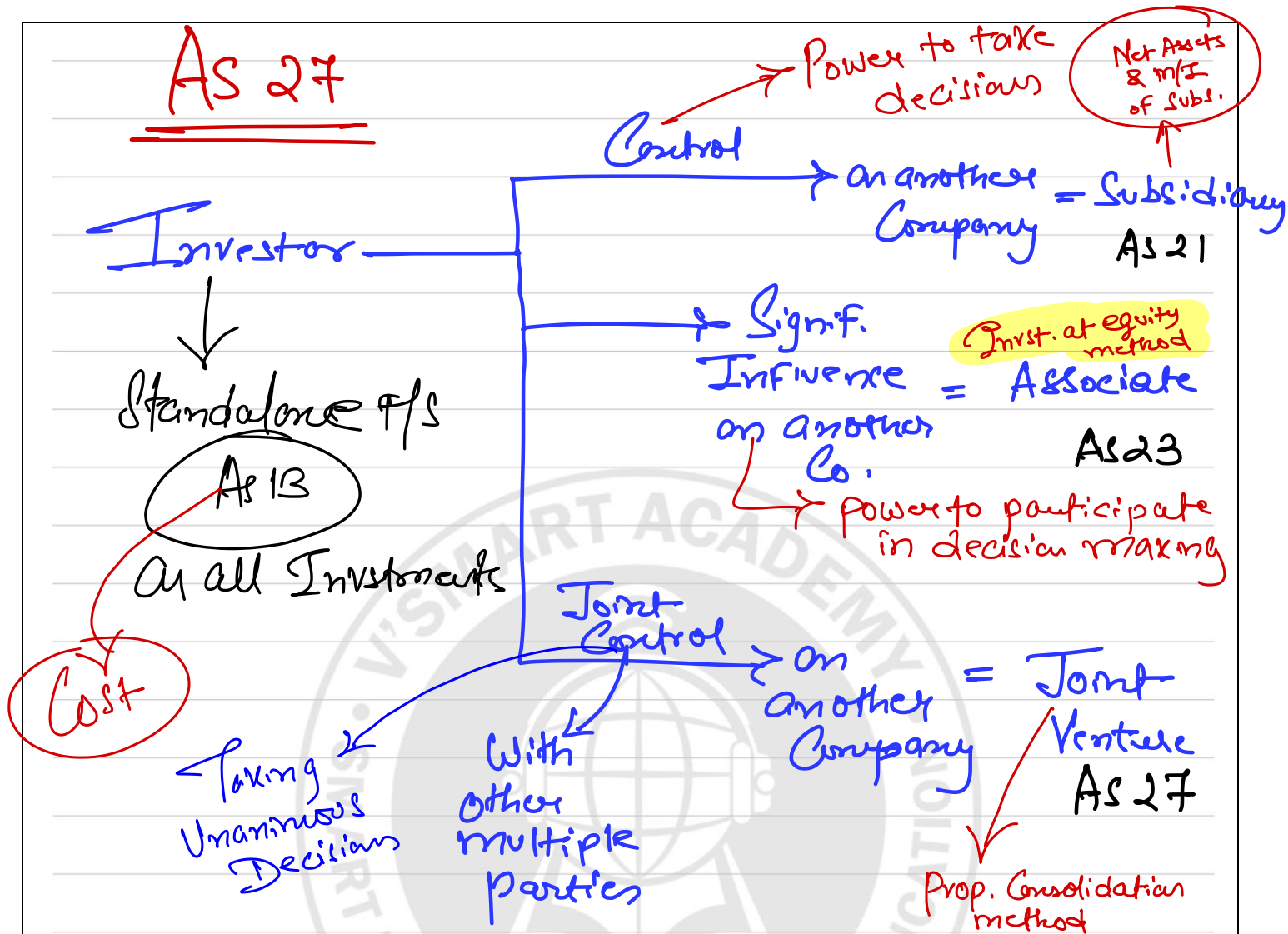
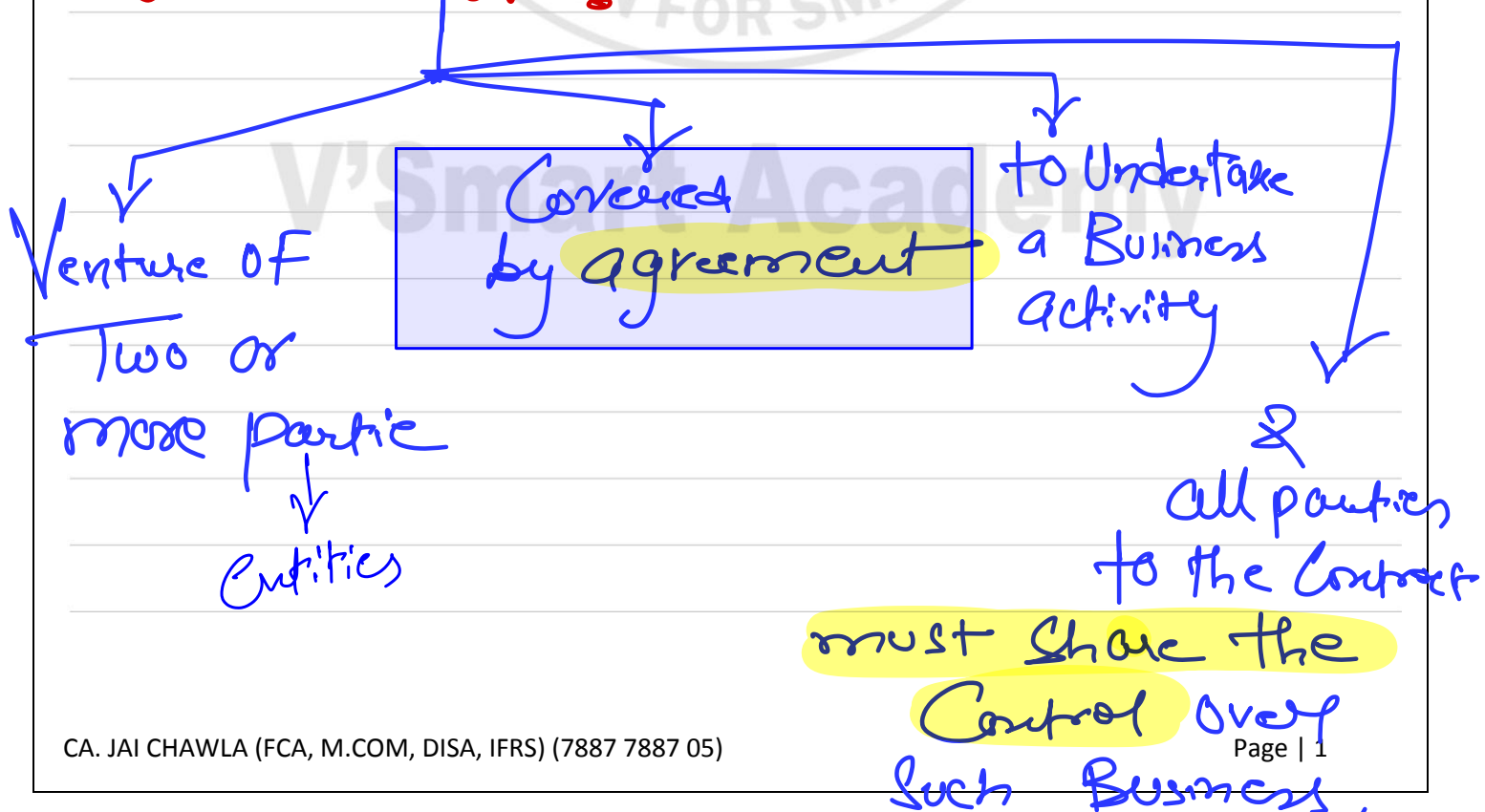


AS 27



What is JV ?



(Joint Control)

H - Subs. $\Rightarrow$ 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
10%

B Ltd
20%

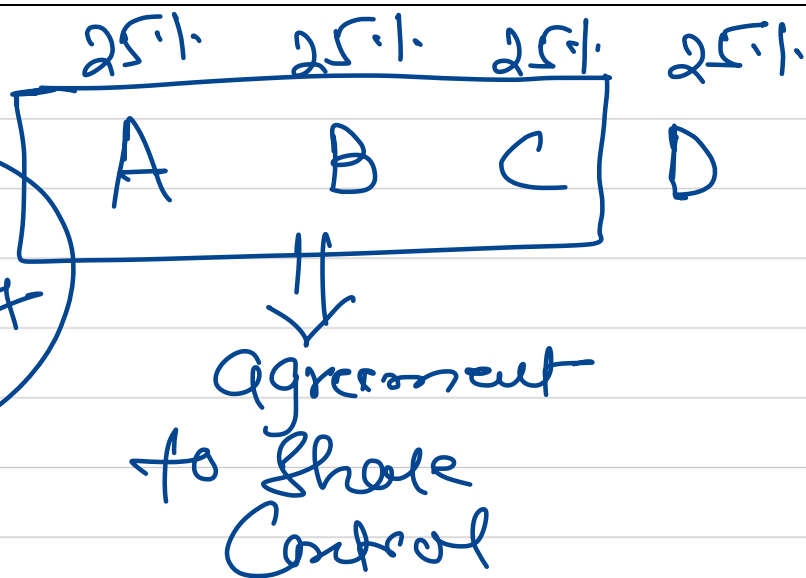
C Ltd
10%

D Ltd
60%

Agreement to share control exist

then it is a JV

Another Example



A, B & C
shall follow AS 27

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 $\Rightarrow$ Ventures has purchased / Invested on an Asset & they Operate such Asset Jointly.

Accounting Under JCA :-

Every Venture 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

Partnership
Firm

Two or more Entities
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

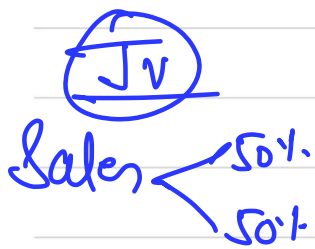
Books of B

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/I

→ 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 ^{Coc}	162000	
M/E 20%.	109500	40500	

COC

Invest in S (80%) = 1100000
(-) prop. share in NA:—

ELC (80%) (640000)
Pre Acq Profit share (438000)
Goodwill 22000

$$\underline{\underline{M(I):-}} \quad \text{Esc (20\%)} = 160000$$

$$(+)\text{ Pre Acq} = \underline{109500}$$

$$M(I) \text{ on DoA} = 269500$$

$$(+)\text{ post Acq} = \underline{40500}$$

$$\underline{\underline{310000}}$$

Cous. P&L OF H :-

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

$$(+)\text{ post Acq share} = 162000$$

from S

$$(+)\text{ post Acq share} = 112500$$

from Jr

$$(+)\text{ post Acq share} = 40500$$

in Ass. (equity m.)

$$\underline{\underline{1215000}}$$

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Jr :-

1) AOP :-

	<u>Pre</u>	<u>Post</u>	<u>Bk</u>
P&L	150000	300000	450000
(+/-) Trdg	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

Invest Cost = 160000

(-) prop. NA

Esc 30% = 150000
Pre Acq = 49500

39500

Invest 39500
To CR 39500

on B/s

Revised Invest = 199500

(+) Post Acq share = 40500

240000

Invest Dr. 40500
To Cr. 40500
P&L

AOP:-

	<u>Pre</u> ^{1/7}	<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>4589500</u>

Investment in Ass. (30%)	240000
Goodwill	109500
	<u>349500</u>

Other Assets

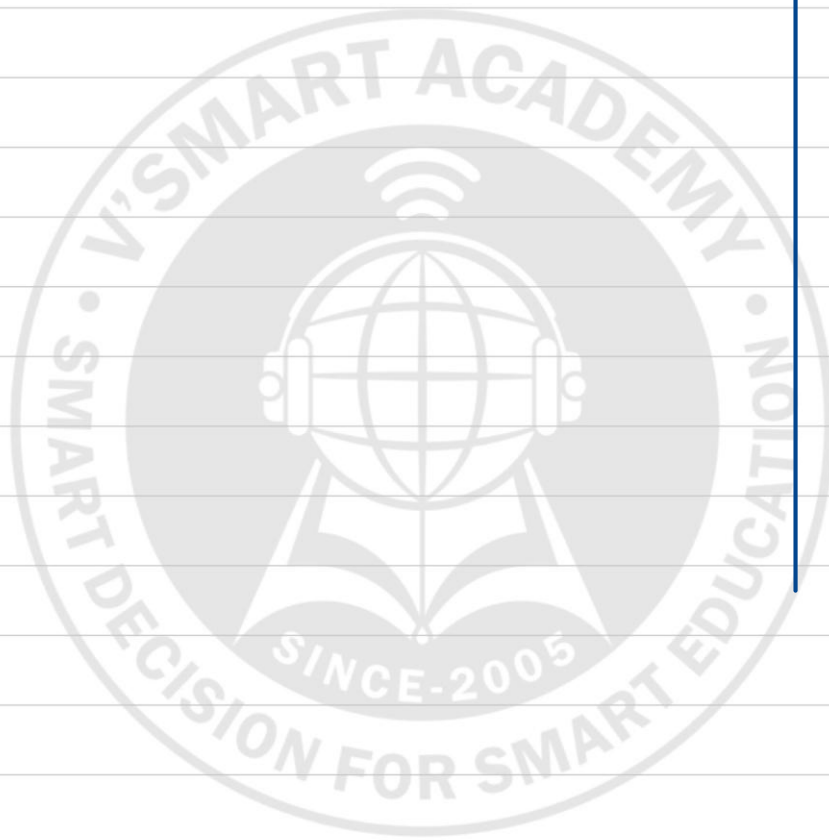
H 1240000

S 2200000

Jr 800000

42,40,000

45,89,500



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Q2

Calculation of Carrying Amt of Assets (Combined)

<u>Particulars</u>	<u>Org. Cost</u>	<u>Dep.</u>	<u>Disg WDV</u>
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	72,00,000
	<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	71,40,000
(-) prov. for Dep. 1260000	

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.

Q1

A

B

C

Land purchase

60,00,000

Material 950000

Other Exp

900000

Loan taken

50,00,000

Labour Adv.

Interest on loan

200000

Registration fees

60000

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

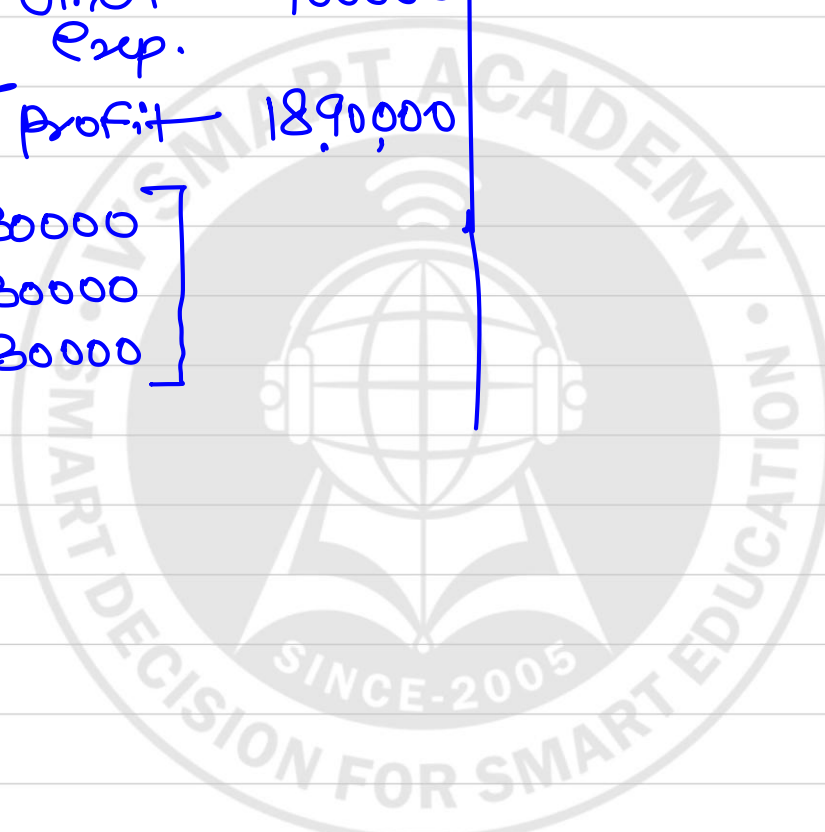
To Other Exp. 900000

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 Venturers & 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/f)		To Share in PPE 50000	
To Share in PPE 50000		To Gain 10000	
To B 60000			

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