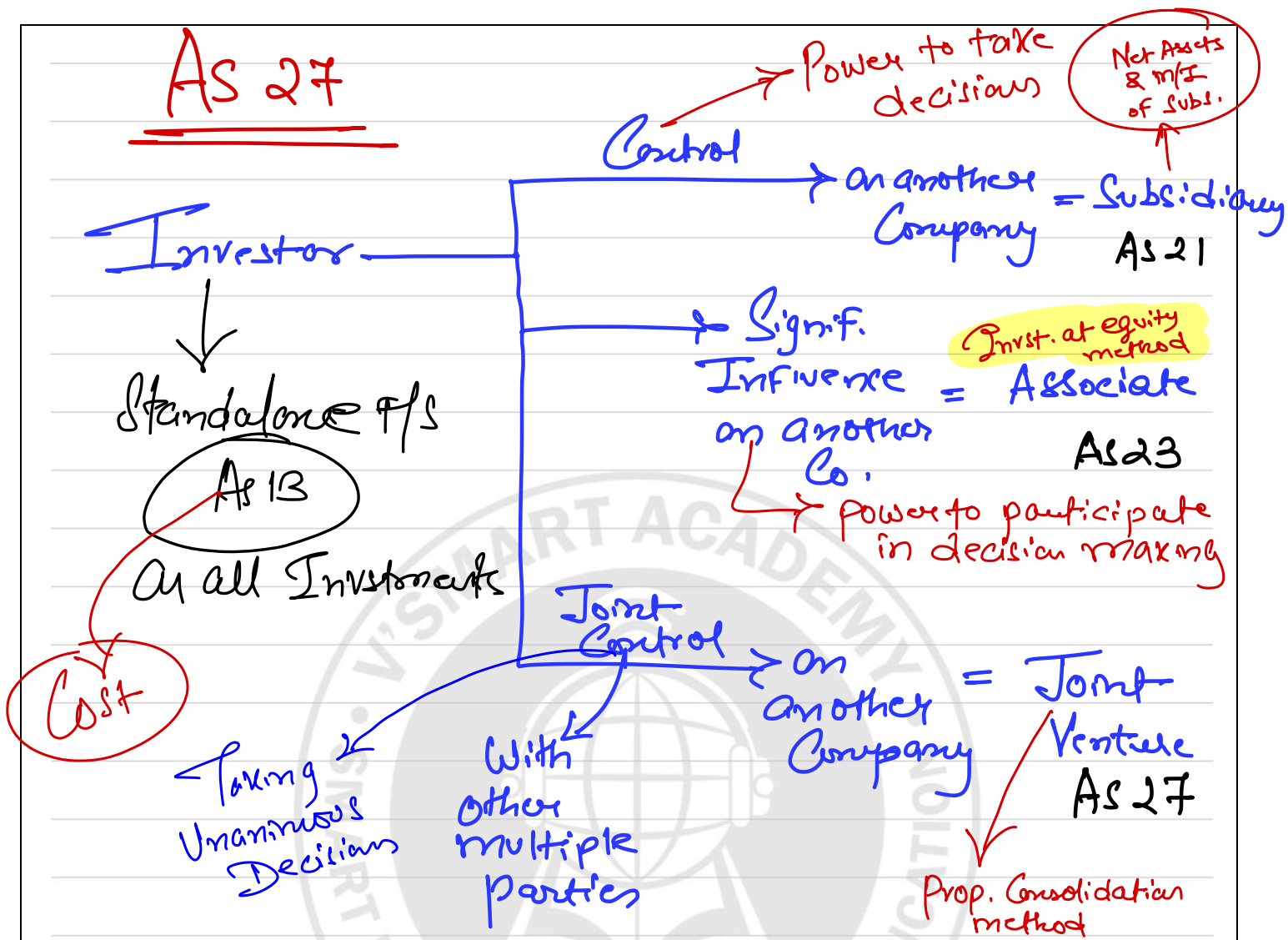
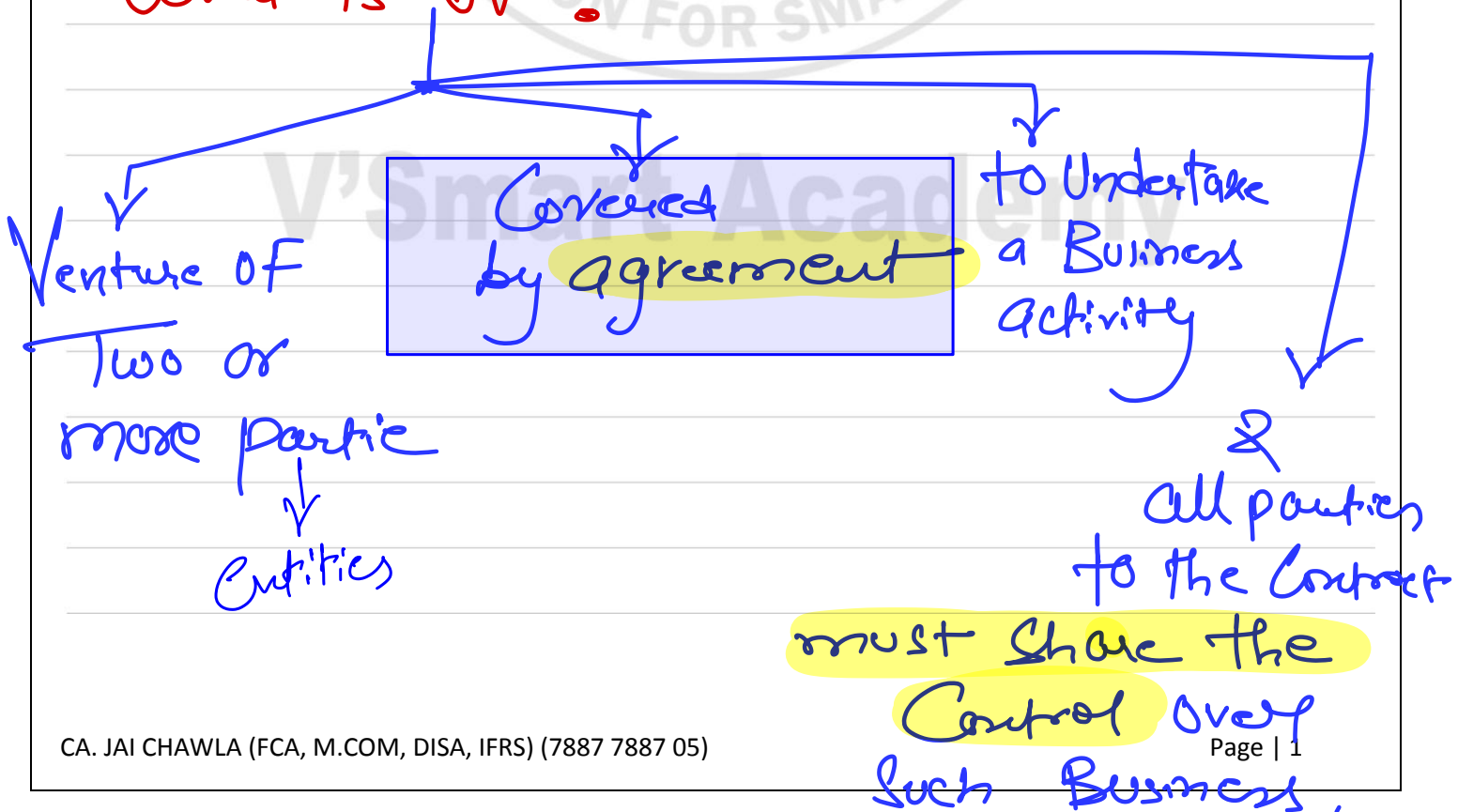


AS 27



What is JV ?



(Joint Control)

H-Subsd. \Rightarrow more than 50% VR

J-Associate \Rightarrow 20% or more VR

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

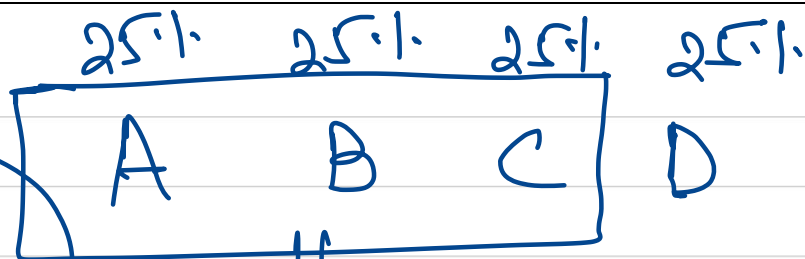
Instead Contract/agreement is required

(+)
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

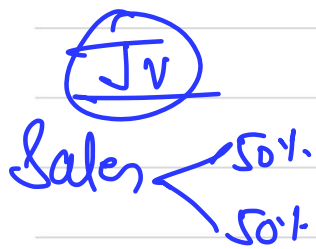
Rm expense is recognised by B only.

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

V'Smart Academy

Holding → 30% Invest Cost 1600000
SFS



CFS

Journal entry

~~Net Assets of suby. (100%)
Goodwill/CR
 to Invest 1600000 (90%)
 to Min. Int. (10%)~~

Net Ass. (30%)
Goodwill/CR
 to Invest 30%

~~to M/S~~

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)

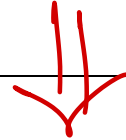


They will apply
AS 27
& follow

"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

Ex:-8

~~A2td.~~

~~4) AOP :-~~

	^{DOA} <u>Pr</u>	<u>Part</u>	<u>Total</u>
R&S	200000	400000	600000
	↓	↓	
A's share 50%	100000	A's share 200000 50%	

2) Coc :- Invest = 650000

(-) Prop. N/A :-

OR 50% (500000)

Per Acq Pr. (100000)

Goodwill = 50000

3) M/I \Rightarrow Not Required

4) Cons. P&L :-

Bal. with A Ltd - XXX

(+) post Acq share - 200000

V'Smart Academy

Q1 JCO

Consolidated P&L OF JV

To Land 60,00,000
(By A)

To Registration fees 60,000
(By A)

To Interest lost 20,000
(By A)

To material 95,000
(By B)

To Other exp 90,000
(By C)

By flats
taken by

A	10,00,000
B	10,00,000
C	10,00,000

By sales of flats

A	40,00,000
B	20,00,000
C	10,00,000

← To Profit →

A	63,000
B	63,000
C	63,000