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Subject:- Financial Accounting

Topic

Joint venture



"Nothing is more important than Education"

ing Answer Type Questions

When one Coventurer maintains Books of Accounts
 Problem 1

Smith and Peter entered into Joint Venture agreeing to share profits and losses equally and following transactions took place :

Smith Purchased goods	32,000
Peter paid freight	2,000
Peter sold goods amounting to	24,000
Peter paid commission on sale	400
Smith paid storage fee	800
Smith sold balance goods	20,000
Smith paid commission	2,000

Show the transactions in Smith's books and prepare Joint Venture A/c.
 In the Books of Smith
 Journal Entries

Particulars	L.F.	Dr.	Cr.
		Amount ₹	Amount ₹
Joint Venture A/c To Cash A/c (Being Smith purchase goods)	Dr.	32,000	32,000
Joint Venture A/c To Peter's A/c (Being Exp. paid by other coventurer)	Dr.	2,000	2,000
Peter's A/c To Joint Venture A/c (Being Sale of Goods by Peter)	Dr.	24,000	24,000
Joint Venture A/c To Peter's A/c (Being Comm. for sale paid by Peter)	Dr.	400	400
Joint Venture A/c To Cash A/c (Being Smith paid storage fees)	Dr.	800	800
Cash A/c To Joint Venture A/c (Being goods sold)	Dr.	20,000	20,000
Joint Venture A/c To Cash A/c (Being Smith paid commission)	Dr.	2,000	2,000
Joint Venture A/c To P & L A/c To Peter's A/c (Profit on Joint Venture Transfer)	Dr.	6,800	3,400 3,400

In the Books of Smith
 Joint Venture Account

Particulars	Amount	Particulars	Amount
	₹		₹
To Cash	32,000	By Peter	24,000
To Peter (Coventure Exp.)	2,000	By Cash (Goods sold)	20,000
To Peter (Commission for sale)	400		
To Cash (Storage fee)	800		
To Cash (Commission)	2,000		
To Profit & Loss	3,400		
To Peter	3,400		
	<u>44,000</u>		