

10.8.20

B.Com-1, Financial Account, Joint venture
exercise - 13 Numerical S.M. Shukla
by Dr. S.N. Pathak.

Question:

A and B entered into a joint venture of underwriting the subscription at par of 50,000 shares of Rs 10 each of Joint Stock Company. They agreed to share profit or loss in the ratio of 3:2 respectively. The consideration for 50,000 other shares of Rs 10 each fully paid to be issued to them. The subscription was 48,000 shares and the public taken up of guaranteed issue were taken up by A and B who provides the cash equally. The entire shareholding of the venture were then sold through Bank: 60% at a price of Rs 9 per share, 20% at Rs 9.25 per share and the balance was taken over by A & B equally at Rs 9 per share.

Prepare Joint Venture Account, Joint Bank A/c and Account of A & B.

us.

Journal entries in the book of Joint venture (firm)

| Particulars | Dr | Cr |
|--|-------|-------|
| Joint Bank A/c to A Capital ac. " B Capital ac. (Being Capital contributed & Banked) | | 20000 |
| Share A/c to Joint Bank ac. (Being 2000 Non-Subscribed Shares purchased @ Rs 10 each) | 20000 | |
| Share A/c to Joint venture (Being 500 shares @ 10 each. Allotted towards denomination) | 50000 | |
| Joint Bank A/c to Shares A/c (Being 1500 shares @ Rs 9 per share and 500 shares @ 7.25 per share sold) | | 18125 |
| A A/c to Shares (Being 250 shares @ 9 each taken over) | 2250 | |
| B A/c to Joint venture (Being 250 shares @ 9 each taken by B) | 2250 | |

| | |
|--|------|
| Joint venture dr (Buyer to shares the - Sale of share transferred to Joint venture e.) | 2375 |
| Joint venture me dr to A capital (Buyer net profit on Joint venture distributed in the ratio of 3:2) | 2625 |
| A capital to dr B | 9325 |
| to Joint Buyer - (Buyer final payment co-venturers.) | 8800 |

| Date | Particulars | Share Amount | Date | Particulars |
|------|------------------|--------------|------|----------------|
| | To Joint Buyer | 20000 | | By Joint Buyer |
| | in Joint venture | 5000 | | " A Capital |
| | | <u>25000</u> | | " B - |
| | | | | By Joint ven |

Joint venture A/c

| Date | Particulars | J.F | Amount | Date | Particulars | J.F | Amount |
|------|--------------------|-----|--------|------|--------------|-----|--------|
| | To Shares | | 2375 | | By Share A/c | | 5000 |
| | " Net Profit | | | | | | |
| | A ac $\frac{3}{5}$ | | 1575 | | | | |
| | B ac $\frac{2}{5}$ | | 1050 | | | | |
| | | | 5000 | | | | 5000 |

~~A/c~~ Capitals a/c

| Date | Particulars | J.F | A | B | Date | Particulars | J.F | A | B |
|------|--------------|-----|-------|-------|------|-----------------|-----|-------|-------|
| | To Share A/c | | 2250 | 2250 | | By Joint Bank | | 10000 | 10000 |
| | " Joint Bank | | 9375 | 8800 | | " Joint venture | | 1575 | 1050 |
| | | | 11575 | 11050 | | | | 11575 | 11050 |

Joint Bank A/c

| Date | Particulars | J.F | Amount | Date | Particulars | J.F | Amount |
|------|-------------|-----|--------|------|-------------|-----|--------|
| | To A - ac | | 10000 | | By shares - | | 20000 |
| | " B A/c | | 10000 | | " A A/c | | 9375 |
| | " Share A/c | | 18125 | | B - | | 8800 |
| | | | 38125 | | | | 38125 |