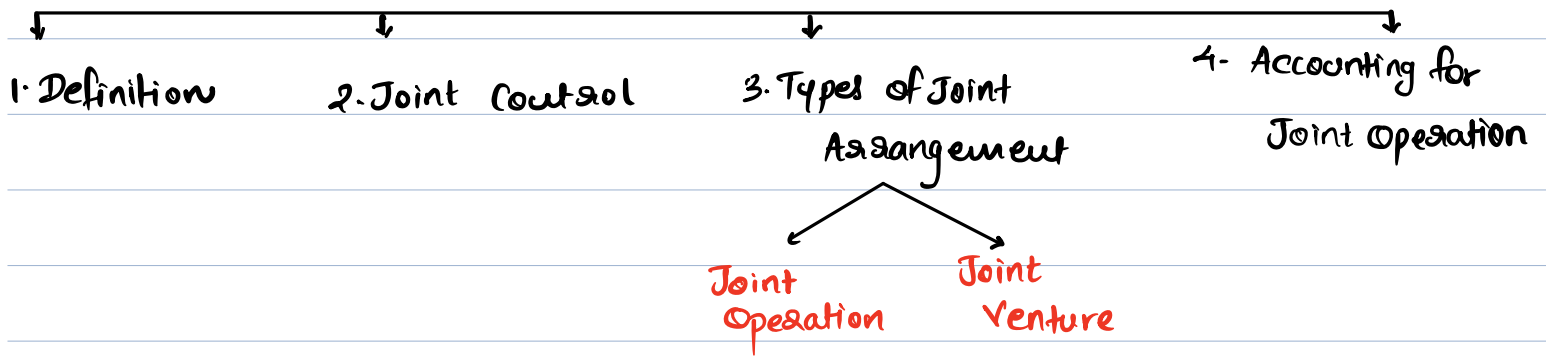


IndAs III → Joint Arrangements.



* Eg of J-A → 2 or more parties
 → Joint Control (unanimous Dec. Makg)
 → Contractual agreement

	A	B	C	D	Conclusion
Resolution approve ↓ Min 85% in favour	30%	20%	30%	20%	Unanimous Dec. makg ✓ Joint Arrang ✓
Resolution approve ↓ Min 76% in favour	25%	25%	25%	25%	Unanimous Dec. makg ✓ Joint Arrangement ✓
Resolution approve ↓ Min. 70% in favour	30%	20%	15%	35%	Unanimous Dec Making ✗ J.A. ✗. ↓ Any 3 parties can approve & pass the resolution.

Unanimous Dec. Makg (Exception)

↓ (eg 4 parties)

If the contract states that, out of 4 parties, 3 parties can get the resolution approved, & if the combination of parties are specified, then there will be a J-A btw those 3 parties.

Eg: Resolution approve

A	B	C	D
30%	20%	20%	30%

Both condⁿ are to met

↓
Minimum 75% Agree (+)
A, B & D should also agree

↓
X

This is a J-A

But only btw A, B & D.

* Types of Joint Arrangement

Joint Operation [J.O]

3 Defⁿ (Am 1)

Joint Venture

Only 1 Defⁿ.

1. J-A is Not structured

through a Sep legal entity [It will be J.O]. eg 1. (OK)

① JA is structured through a separate legal entity & parties have rights in Net Assets (Not individual Assets & Liabilities)

eg 3

2. JA is structured through a

sep legal entity & each party have rights to individual assets & liabilities. → eg 2. (OK)

Extra Defⁿ in J.V.

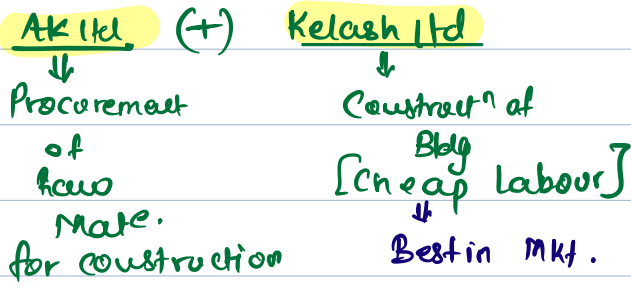
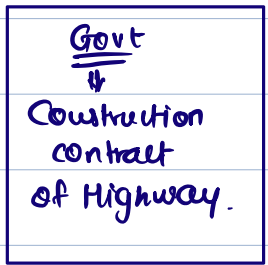
Sep. Entity

↓
output (Not only for own Party But also for 3rd party)

③ J-A is structured through a sep. legal entity

& whole output from sep. legal entity is only for parties to the arrangement & NOT for outside 3rd party
↳ eg. 4.

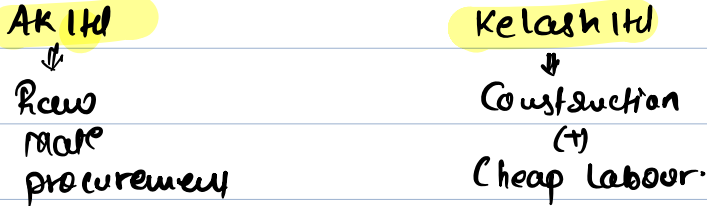
Eg 1



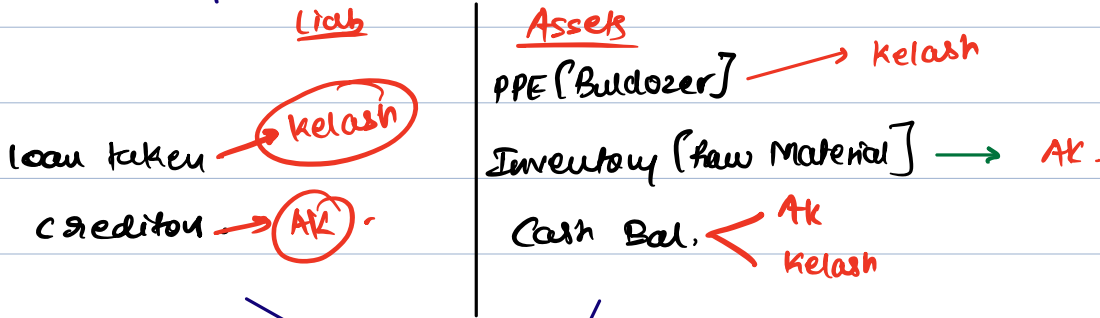
They decided to come together & form a J-A (AK → 50%, Kelash → 50%)
 & then apply for this Govt contract [But they did NOT form a New Co.]

J-A (Defn Point No.1).

Eg 2.



Sep. legal entity → AKailu Ltd.

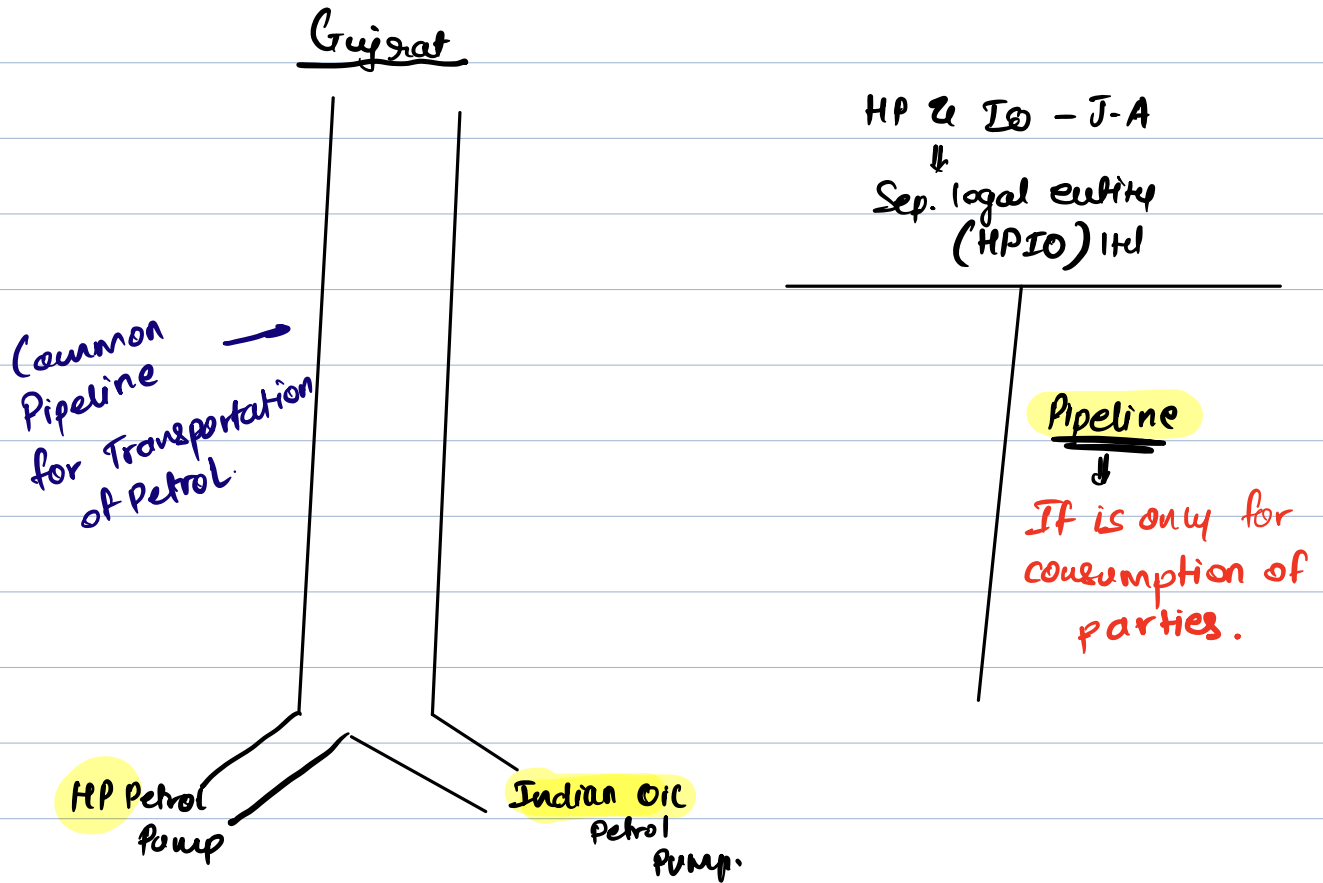


Net Asset = Assets (-) Liab.

Eg 3 Same as Eg 2 But the parties have rights directly in Net Assets & NOT individual asset & Liab.

Eg 4.

ICAI office → HP Petrol Pump.
Indian Oil Petrol Pump.



4. Accounting for

J-O

No CFS Applicable

Each party will record their share of Asset/Liab/

Income (Exp in SFS)

Ind AS 111

Proportionate Consolidation.

J-V

SFS

Ind AS 27

B/S

Invest in XX
J-V
Cost F.V.

CFS

Ind AS 28.

Equity Method

Invest in Associate
&
J-V.

QFU

J.O

Defn →

Ind As
III

Accounting
(SFS)

Ind As
III

~~CFS~~

J.V

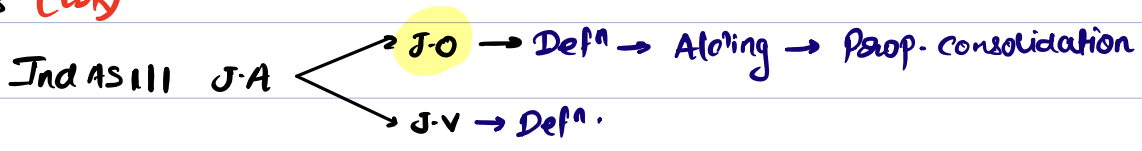
Defn - Ind As III

Accounting

SFS 27

CFS 28.

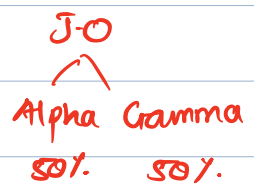
Illus 25 (LOR)



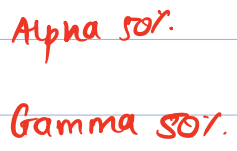
Co. Treatment → Incorrect

Correct Treatment (4 rounded 31/03/18)

- ① PPE → Cost on 30/09/17 = 40 cr
- (+) Gm Int Cap (Ind AS 23) = 0.5 cr
 (1/4/17 to 30/09/17)
 (10cr x 10% x 6/12)



30/09/17 Cost 40.5 cr.
 (1.0125 cr)



(-) Gm Deprn
 (40.5 cr x $\frac{6m}{12m}$ x $\frac{1}{20}$)
 31/3/18 C.A 39.4875

② Gm Deprn = 1.0125 cr < A 50%
 G 50%

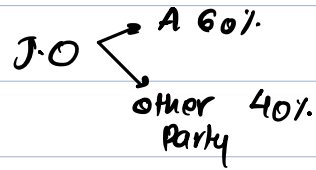
③ Remaining Gm Int = 0.50 cr < A 50%
 G 50%
 (PIL)
 OFU 12m Int < Gm Cap
 Gm PIL.

④ Maintenance Cost (PIL) → 4 lakhs < A 50%
 G 50%

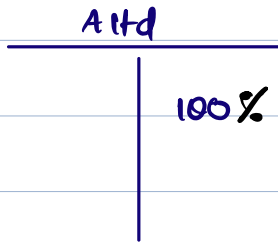
OFU: In exam present the above in statement form.

Illus 23 (LOR)

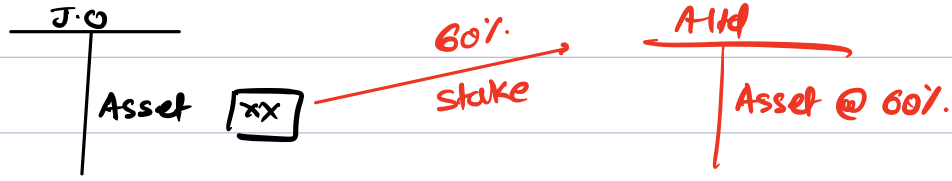
A $\xrightarrow{\text{Sale}}$ JO



Before Sale



After Sale



Effective Sale \downarrow 40%

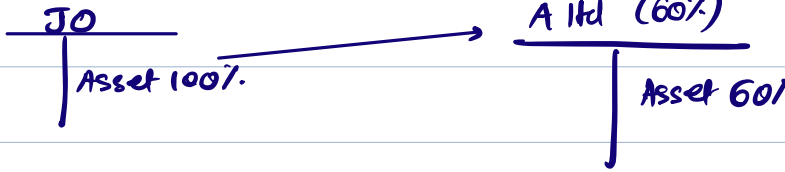
OFI

J-E (in the Books of A Itd) \rightarrow Effective Sale 40%

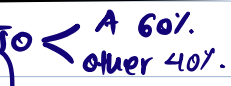
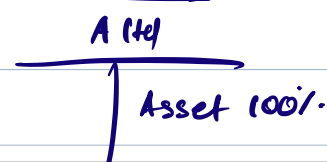
C/B Alc Dr 32 (80 x 40%)
 P/L Alc Dr (8) (B/P)
 TO Asset Alc 40 (100 x 40%)
 (@ C-1)

Illus 24 A $\xleftarrow{\text{Purchase}}$ JO.

Before Purchase



After Purchase



Effective purch. 40%

OFI

J-E In the Books of A Itd.

Asset (PPE) Alc Dr 32 } 80 x 40%
 TO Bank Alc 32. } (No Gain/Loss on purchase).

Hint: illus 23 & 24

A $\xrightarrow{\text{Sale}}$ JO
 Purchase
 \rightarrow J-E (Only to the extent of other party share \rightarrow 40%)