**2021 Confucian Private Secondary Paper 2 Question 4**

On 1 April 2019, Kelly and Zhong entered into a joint venture to deal in second-hand goods. No separate books were opened for the venture and all payments and receipts were passed through the ventures’ individual bank accounts. Profits and losses were to be shared equally and each party was entitled to a selling commission of 10% on the sales made by each of them.

The transactions for April and May were as follows:

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| 2019 |  |
| Apr 1 | Kelly bought goods costing RM 9,700 for cash, and paid advertising expenses for RM 49. |
| 3 | Of the above goods, items costing RM 1,500 were sent to Zhong. Kelly paid transport expenses RM 55. |
| 4 | Zhong bought goods RM 1,650 by cash. |
| 5 | Zhong paid insurance and electricity expenses for RM 220 and RM 120 respectively. |
| 30 | Kelly and Zhong sold goods for cash RM 3,460 and RM 3,000 respectively. |
| May 1 | Kelly bought goods for cash for RM 2,250. On his way home he was involved in an accident and half of the goods just bought were completely destroyed. 60% of the loss was recoverable from the insurance company but the remainder of the loss was to be borne by the joint venture. The insurance company accepted the liability and paid Kelly that amount on 30 May. |
| 2 | Kelly transferred cash RM 6,000 to Zhong. |
| 28 | As a result of the accident, Kelly was no longer able to take part in the venture, and it was agreed that Kelly took over the balance of the goods unsold at cost. |
| 31 | The final and the only settlement took place between the parties and they agreed to settle the debts between them by cheque. |

**You are required to prepare:**

1. Joint Venture with Kelly Account in the books of Zhong;
2. Memorandum Joint Venture Account.