**2022 Tsun Jin High School Paper 2 Question 5**

Cai and Dee entered a one-month joint venture to trade in bakery ingredients products and agreed to share profit and losses equally.

No separate books were opened for the venture and all transactions involving cash were met from the venturers’ individual bank accounts.

Cai was unsure how to record the venture business transactions which related to him, so he noted them into a small blue book as follows:

**1 May 2022**

I contributed groceries and flour of cost RM 5,000 and sent half of them to Dee for sale.

**4 May 2022**

I bought yeast, nuts and grains for RM 1,500 from Ali and paid RM 100 to have the inventory transported to Dee.

**6 May 2022**

I brought in my wife’s bakery equipment for RM 600 into the venture business.

**10 May 2022**

I received a cheque remitted from Dee at RM 1,000 to assist in financing the venture.

**15 May 2022**

I paid selling expenses for RM 200 from private resources and settled all the amount due to Ali for RM 1,400.

**20 May 2022**

My premise was broken into. A physical inventory count showed that the products of cost RM 500 were stolen.

**25 May 2022**

Dee could not sell the remaining inventory of bakery ingredients costing RM 1,000, he then transferred them to me.

**30 May 2022**

I kept the proceeds from sale of bakery equipment for cash RM 530.

**31 May 2022**

During the month of trading, sales were made at cost plus 60% (excluding expenses), and each collected the cash in respect of sales.

As I could not sell the remaining products, I took them over of cost RM 500 to existing business and donated them of cost RM 500 to local charity on behalf of the venture business, which Dee agreed with me.

A cash settlement was made between us, and the venture was closed.

On 1 June 2022, Cai received the following copy of account for the venture transactions in the books of Dee:

Joint Venture With Cai

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2022 |  | RM | 2022 |  | RM |
| May 1 | Bank - Purchases | 4,000 | May 25 | Drawings |  |
| 7 | Bank - Insurance | 230 |  | - Inventory Taken Over | 500 |
| 10 | Bank - Remittance | 1,000 | 31 | Bank - Sales | ? |
| 20 | Motor Charges | 500 |  |  |  |
|  |  |  |  |  |  |

**You are required to:**

1. Calculate sales value for each venturer based on the inventory movement;
2. Prepare the following accounts:
3. Joint Venture With Dee as it would appear in the books of Cai, included cash settlement between venturers;
4. Memorandum Joint Venture showing a profit or loss on the venture business.