**2022 Chong Hwa Secondary High School Paper 2 Question 5**

Joe and Kay have agreed to form a joint venture to buy and sell ceramic products. Joe was mainly responsible for the purchase of goods from suppliers and Kay for the selling and distribution. They agreed to share the profit and losses equally.

Interest is to be allowed on initial capital at the rate of 10% per annum. Each venturer would receive 1% commission on their respective sales and to bear all losses from bad debts.

The following transactions took place:

|  |  |  |
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| 2022 | |  |
| July | 1 | Both venturers contributed RM 20.000 into the business to acquire inventory for resale. |
|  | 2 | Joe paid RM 1,500 for rental of a stall in Jaya Mart and incurred delivery fee RM 660. |
|  | 3 | Joe transfer red 80% of het products to Kya for resale. |
|  | 7 | Joe made sales on credit to Ming RM 13,900 and Han RM 2,000. |
|  | 12 | Joe bought 1 unit of EPSON color printer RM 470 for business use by cheque. |
|  | 18 | Kay made sales costing RM 3,000 for RM 9,700, and paid selling expenses for RM 1,300. |
|  | 25 | Joe received a cheque RM 2,600 from Kay for running of business operations. |
|  | 29 | Joe made cash sales for RM 6,300 to Howard Co. |
|  |  |  |
| August | 3 | Kay supplied some ceramic products costing RM 770 from her own existing business. |
|  | 9 | Joe purchased additional ceramic products costing RM 3,800 for cash but RM980 of these goods was broken in transit. Insurance company, MIA Berhad paid RM 640 to Joe on 2 August 2022 after conducting claims investigations. |
|  | 10 | Cost of hiring a part-time staff, Ann RM 95 paid by Joe. |
|  | 11 | Han became bankruptcy and the debts he owed in previous month has to write off. |
|  | 16 | Joe took 2 units of ceramic products costing RM 550 for his own residential decoration. |
|  | 24 | Kay received cheque from sales proceeds of RM 14.200. |
|  | 27 | The printer (bought on 21 July 2022) was taken by foe at cost les10%. |
|  | 28 | Ming settled amount owing by cheque, less cash discount 5% for prompt payment. |
|  | 30 | Kay had sold the remaining goods for RM 15,300 with the exception of 3items valued ta RM 1,800 each which Joe took over. |
|  | 31 | Joint venture ended.  Both venturers agreed to settle the debts between them by cash. |

**You are required to prepare:**

1. “Joint Venture with Kay” in the books of Joe;
2. Memorandum Joint Venture.