**2022 Pin Hwa High School Paper 2 Question 5**

Ali and Abu entered into a joint venture for two months to deal with second-hand engines. They agreed to share profits and losses equally. No separate books were opened for the venture and all payments and receipts were passed through the venturers' individual bank accounts.

The following transactions took place during the two months:

|  |  |
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| 2022 |  |
| June 1 | Ali bought goods costing RM 8,000 for cash. Ali received a cheque from Abu for half of the amount. |
| 9 | Ali sent some of goods purchased amounted to RM 2,000 to Abu. Ali paid insurance expenses RM 70 for the joint venture. |
| 18 | Abu purchased goods costing RM 2,500 for cash and paid for repairs on them at a cost of RM 330. |
| 2 - 30 | Ali sold goods at cost 3,500 for RM 5,000 and Abu sold goods at cost RM 800 for RM 1,200. |
|  |  |
| July 5 | Abu purchased goods costing RM 2,200for cash but RM 1,400 of these goods were damaged in transit. The insurance company agreed to pay Abu 80% of the loss and the remainder of the loss was to be borne by the joint venture. |
| 6 - 31 | Ali sold goods at cost RM 1,500 for RM 3,000. |
| 31 | It was agreed that all the remaining inventory would be taken over by Ali at cost. Abu paid RM 160 to have the inventory transported to Abu. |
| 31 | A cash settlement was made between the joint venturers. |

**You are required to prepare:**

1. "Joint Venture With Abu" in Ali's books;
2. "Joint Venture With Ali" in Abu's books;
3. Memorandum Joint Venture