AS 23
FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURES
Objective of AS 27 is to set out principles and procedures for accounting for interests in joint ventures and reporting of joint venture assets, liabilities, income and expenses in financial statements of venturers and investors.
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<th><strong>DEFINITIONS</strong></th>
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<td><strong>Joint venture</strong> is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control</td>
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<td><strong>Joint control</strong> is contractually agreed sharing of control over an economic activity</td>
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<td><strong>Control</strong> is the power to govern financial and operating policies of an economic activity so as to obtain benefits from it</td>
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<td><strong>Venturer</strong> is a party to a joint venture and has joint control over that joint venture</td>
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<td><strong>Investor</strong> in a joint venture is a party to a joint venture and does not have joint control over that joint venture</td>
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<td><strong>Proportionate consolidation</strong> is a method of accounting and reporting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is reported as separate line items in venturer’s financial statements</td>
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ACCOUNTING FOR DIFFERENT FORMS OF JOINT VENTURE

**Jointly controlled operations** (in separate and consolidated financial statements)
- Recognise assets that it controls and the liabilities that it incurs
- Recognise expenses that it incurs and its share of income that it earns

**Jointly controlled assets** (in separate and consolidated financial statements)
- Recognise share of jointly controlled assets
- Recognise liabilities incurred including share of jointly incurred liabilities
- Recognise income from sale or use of its share of output of joint venture
- Recognise expenses incurred in respect of its interest in joint venture
ACCOUNTING FOR DIFFERENT FORMS OF JOINT VENTURE

Jointly controlled entity (JCE)
- In separate financial statements- accounted for under AS 13
- In consolidated financial statements- using proportionate consolidation
- **Exceptions** (accounted for under AS 13)
  - JCE acquired and held exclusively for subsequent disposal in near future
  - JCE operates under severe long-term restrictions
- **Discontinue proportionate consolidation** (subsequent accounting under AS 13, AS 21, AS 23, as appropriate)
  - Venturer ceases to have joint control but retains interest in the entity
  - JCE operates under severe long-term restrictions
- Sale of assets to joint venture- venturer should recognise portion of gain or loss attributable to interests of other venturers
- Purchase of assets from joint venture- venturer should not recognise its share of the profits from the transaction until it resells the assets to an independent party
In separate and consolidated financial statements

- Aggregate amount of specified contingent liabilities, unless probability of loss is remote, separately from other contingent liabilities
- Aggregate amount of specified commitments in respect of its interests in joint ventures separately from other commitments
- List of all joint ventures and description of interests in significant joint ventures
- In respect of JCE, disclose proportion of ownership interest, name and country of incorporation or residence

In separate financial statements

- Aggregate amounts of each of the assets, liabilities, income and expenses related to its interests in JCE
Thank You

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