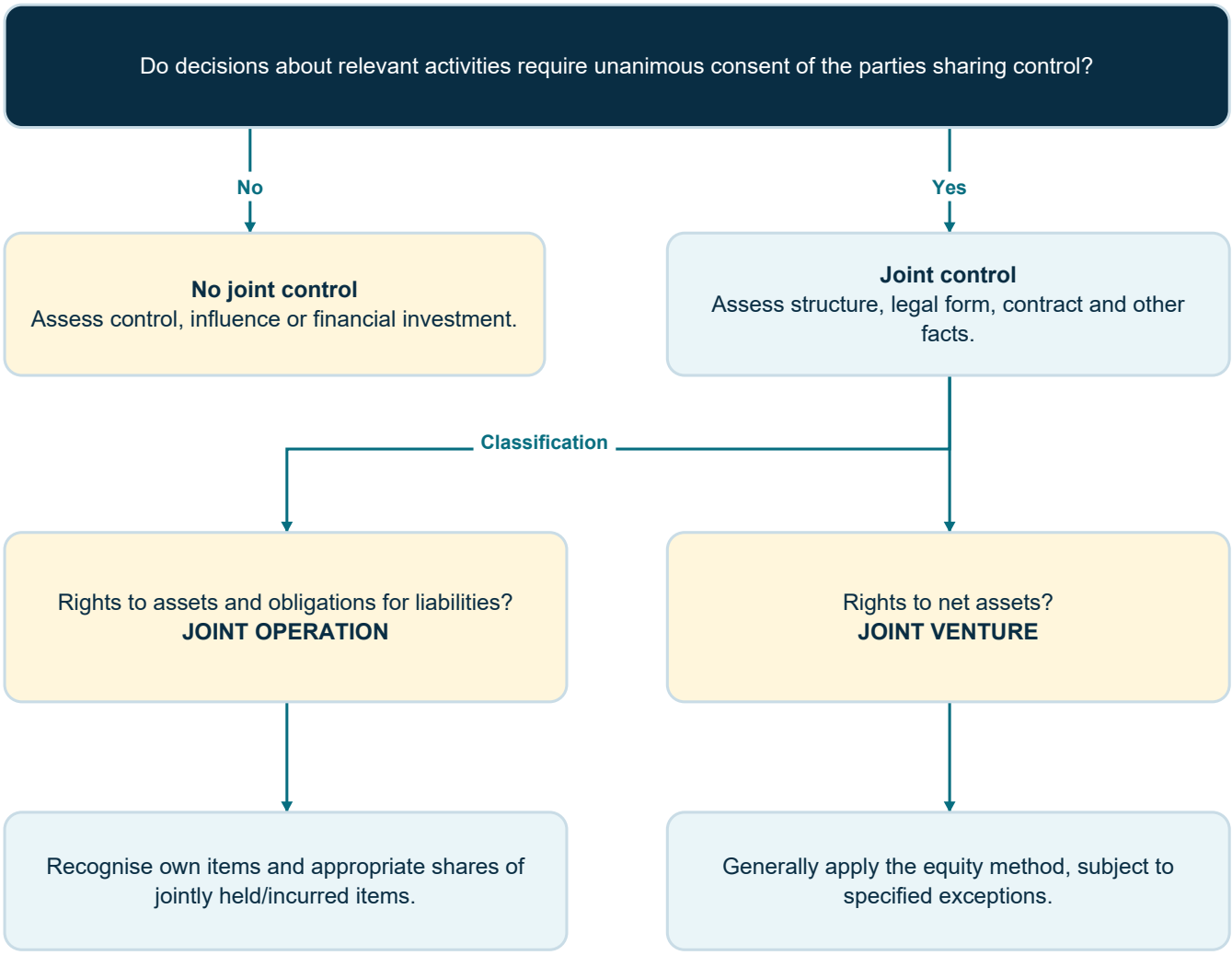
Joint operation or joint venture?

MODULE 5 / 1 / READ THE RIGHTS AND OBLIGATIONS



A separate legal vehicle does not automatically mean joint venture. A 50/50 split does not automatically mean joint control. Read the decisions requiring consent and the contractual rights to output, assets and funding obligations.

Historical standards (October 2022 study context). AASB 11 4-24, B5-B33. Original Accounting Ahead examples.

Joint operation: original recognition check

MODULE 5 / 2 / FOLLOW THE CONTRACTUAL SHARES

The agreement establishes joint control, direct rights to 40% of jointly held equipment, obligations for 40% of the joint payable, and a 40% share of the relevant joint revenue and expenses. Joint equipment cost is 250,000, joint payable 90,000, relevant joint revenue 80,000 and joint expenses 50,000. No other items or tax effects are included in this illustration.

Recognised component	Calculation	Amount
Equipment interest	250,000 x 40%	100,000
Joint payable obligation	90,000 x 40%	36,000
Relevant revenue share	80,000 x 40%	32,000
Relevant expense share	50,000 x 40%	20,000
Illustrative profit contribution	32,000 - 20,000	12,000

This is a component-recognition illustration, not a complete trial balance or a journal with an unexplained cash balancing number. Recognise the operator's own items as well. Different contractual shares may apply to different assets, liabilities or output.

For a joint venture, do not import this line-by-line component method. The investor normally recognises a single equity-accounted investment and its share of results.

> Disclose significant classification judgements, material interests, commitments and risks using the applicable IFRS 12 requirements.

Historical standards (October 2022 study context). AASB 11 20-24; AASB 12 7-9, 20-23. Original Accounting Ahead examples.