Explain the term Joint venture.Discuss their characteristics.What are the objectives of Accounting Standard?

joint ventures, in very simple words, are business ventures that two or more people or entities undertake for a certain period of time. They are created keeping specific and pre-determined purposes in mind. The venture generally comes to an end once those purposes are met unless the parties decide to continue working together.

These parties to a joint venture are governed by a contractual agreement they enter into. The agreement specifies things like their obligations, the rate at which they will share profits or losses, their rights and liabilities towards each other, etc.
Parties that create such joint ventures are called joint venturers or co-venturers. These parties can be either natural persons (humans) or even artificial legal persons (companies).

Transactions of such joint ventures are peculiar. This is because these entities are neither singular in nature, and nor are they treated as completely separate entities as such. They are even different from typical partnership forms of business.

Characteristics of a Joint Venture:

A joint venture is similar to a partnership, but with a key difference. While a partnership concerns ongoing business in all regards, a joint venture only concerns a single project or a related series of transactions. Here are some other common characteristics of joint ventures:

Profits and expenses: Unless otherwise agreed to, joint venturers share profits and losses equally

Duration: Unless otherwise specified, a joint venture terminates upon the completion of the project or series of transactions

Termination: Unlike a partnership, a joint venture does not terminate upon the death or incapacitation of one joint venturer. Additionally, a joint venturer does have the power to terminate the relationship at any time once the project or transaction is complete.

Control: The right of each joint venturer party to control and manage all of the property to be used in the venture

Contract: The existence of a contract, whether oral or written, between the parties to engage in the venture together

Objectives of Accounting Standards

1. Accounting is often considered the language of business, as it communicates to others the financial position of the company. And like every language has certain syntax and grammar rules the same is true here. These rules in the case of accounting are the Accounting Standards (AS). They are the framework of rules and regulations for accounting and reporting in a country. Let us see the main objectives of forming these

standards.

2. The main aim is to improve the reliability of financial statements. Now because the financial statements have to be made following the standards the users can rely on them. They know that not conforming to these standards can have serious consequences for the companies.
Then there is comparability. Following these standards will allow for inter-firm and intra-firm comparisons. This allows us to check the progress of the firm and its position in the market.

3. It also looks to provide one set of accounting policies that include the necessary disclosure requirements and the valuation methods of various financial transactions.