

E 15-2

← دالة

① Net income = 80,000

A = 70%
D = 30%

	<u>Angela</u>	<u>Dawn</u>	<u>total</u>
" Net income	50,000	30,000	80,000
① interest on A-Capital 10%	<u>5,000</u>	<u>3,000</u>	<u>(8,000)</u>
* Remaining N-Income			72,000
② Salaries to partners	<u>25,000</u>	<u>15,000</u>	<u>(40,000)</u>
" Remaining N-Income			32,000
③ Allocate Based on Ratios	<u>22,400</u>	<u>9,600</u>	<u>(32,000)</u>
" Total	52,400	21,600	Ø

③ Net Income = 20,000

	<u>A</u>	<u>D</u>	<u>Total</u>
" Net income			20,000
① interest on A-C	<u>5,000</u>	<u>3,000</u>	<u>(8,000)</u>
" Remaining			12,000
② Salaries to partners	<u>25,000</u>	<u>15,000</u>	<u>(40,000)</u>
" Remaining "			(28,000)
③ Remaining Based on R 7:3	<u>(19,600)</u>	<u>(8,400)</u>	<u>(28,000)</u>
Total	10,400	9,600	Ø

E15-3 Division of income - interest on Capital (Average Capital)

- (1) Based on Average Capital for each partner gave 8% interest
- (2) The Remmaining is Divided equally Between partners

A) Left A Capital

Date	Dr	Cr	Balance	Month	Month \$
1/1		30,000	30,000 x	3	90,000
4/3		3,000	33,000 x	5	190,000
8/23	6,000		27,000 x	2	64,000
10/31		6,000	33,000 x	2	76,000
Total					420,000

Left A-C = 35,000

B) Right A Capital

Date	Dr	Cr	Balance	Month	Month \$
1/1		50,000	50,000 x	2	100,000
3/5	9,000		41,000 x	4	164,000
7/6		7,000	48,000 x	3	144,000
10/7		5,000	53,000 x	3	159,000
Total					567,000

Right A-C = 47,250

Dis. See.

	Left	Right	Balance
	35,000	47,250	50,000
Net income			(6,580)
" interest on A-C 8%	2,800	3,780	43,420
Remmaining			(43,420)
" Dividing equally	21,710	21,710	0
	24,510	25,490	

E 15-4

a. Li. Sal. etc. as follows,

Apple A-Capital

Date	Dr	Cr	B	M	M#
1/1		40,800	40,800 x 3		122,400
4/1		15,000	55,800 x 9		502,200
Total					624,600
					÷ 12
					Apple A-C = 52,050

Jack A-Capital

Date	Dr	Cr	B	Month	Month \$
1/1		112,000	112,000 x 7		784,000
8/1		20,000	132,000 x 5		660,000
Total					1,444,000
					÷ 12
					Jack A-C = 120,333

	APPLE	JACK	BALANCE
Net income	<u>52,050</u>	<u>120,333</u>	30,000
* interest on A-C 6%	<u>3,123</u>	<u>7,220</u>	(10,343)
Remaining			69,657
* Bonus 10% → APPLE	<u>6,966</u>	<u>—</u>	(6,966)
Remaining			62,691
* Salaries to Partners	<u>25,000</u>	<u>30,000</u>	(55,000)
Remaining			7,691
* Allocating 70:30	<u>5,384</u>	<u>2,307</u>	(7,691)
Total Balance	<u>40,473</u>	<u>39,527</u>	0

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Partners Capital statement

Date	ADPPL	Jack
1/1	48,800	112,000
4/1	<u>15,000</u>	8/1 <u>20,000</u>
Total	83,800	132,000
Income Distribution	40,473	39,527
<u>Total</u>	<u>96,273</u>	<u>171,527</u>
Partners withdraws	<u>(20,800)</u>	<u>(20,800)</u>
<u>Total</u>	<u>75,473</u>	<u>150,727</u>

" Assume that each partner has 400 withdraw every week

However in the 1 year there is 52 weeks

$$400 \times 52 = \underline{\underline{20,800}}$$

ملاحظة " فرع C نفس الفكرة ولكن يكون هناك هناك في اخر
مطلوبه نقوم بتوزيع النكاه 50:50 حسب المطلوبه

E15-6

Mary	240,000
Gene	120,000
<u>Pat</u>	<u>40,000</u>
Total	400,000

A) Elan invest for $\frac{1}{3}$ interest

$$1 - \frac{1}{3} = \frac{2}{3}$$

$$400,000 / \frac{2}{3} = 600,000$$

Total Partnership = Old Capital + investment
Capital

$$\begin{array}{rcl} 600,000 & = & 400,000 + \text{?} \\ - 400,000 & & - 400,000 \\ \hline \text{investment} & = & 200,000 \end{array}$$

B) Elan invest 80,000 and take 20% and good will recorded

$$400,000 / 80\% = 500,000 \rightarrow \text{Total FMV?}$$

$$\begin{array}{rcl} 500,000 & = & 400,000 + 80,000 + \text{GW} \\ - 480,000 & & - 400,000 - 80,000 \\ \hline \text{G.W.} & = & 20,000 \end{array}$$

$$\begin{array}{rcl} \text{or } 500,000 \times 0.20 & & \\ & = & 100,000 \\ & - & 80,000 \\ \hline \text{G.W.} & = & 20,000 \end{array}$$

entry $\rightarrow$

Dr Cash	80,000
Dr Goodwill	20,000
Cr Elan Capital	100,000

[C] Elan invest \$200,000 and take 20% "Bonus M"

New FMV = 400,000 + 200,000
for partnership

$$\text{FMV} = 600,000 \times 0.20 = 120,000$$

$$200,000 > 120,000$$

	30,000	
Mary 60%	Gene 30%	Pat 10%
= 48,000	= 28,000	= 8,000

entry → Dr Cash

200,000

Cr Mary c	48,000
Cr Gene c	28,000
Cr Pat c	8,000
Cr Elan c	120,000

[D] The new partner Admission is only liable for the new obligation after admission, not for the prior obligation

E15-7

PJ Company "partnership"

Pam	120,000	3:1	0.75
John	<u>40,000</u>	3:1	0.25
	160,000		

Gerry invest and take 20%

[A] Gerry invest of 50,000, Goodwill to be recorded

$$50,000 / 0.20 = 250,000$$

$$250,000 = 160,000 + 50,000 + G.W$$

$$\rightarrow G.W = 40,000$$

Pam	0.75	John	0.25
30,000		10,000	

entry to record G.W

Dr	Goodwill	40,000	
	Cr Pam C		30,000
	Cr John C		10,000

entry to record Gerry admission

$$250,000 \times 0.20 = 50,000$$

Dr	Cash	50,000	
	Cr Gerry Capital		50,000

1B) Gerry invest 50,000 and use the Burns Method

$$160,000 + 50,000 = 210,000$$

$$210,000 \times 20\% = 42,000$$

So investment > Contribution Capital

$$50,000 \downarrow 42,000$$

8,000

$$\begin{array}{l} 8,000 \\ \swarrow \quad \searrow \\ \text{Pam} \quad \text{John} \\ 6,000 \quad 2,000 \end{array}$$

entry →

Dr Cash	50,000
Cr Pam's	6,000
Cr John's	2,000
Cr Gerry's	42,000

C) Gerry is purchase 20% from total Capital by Pay to Pam
50,000 Partnership من 20% Pam لم يملكه الشريك من Capital

$$160,000 \times 0.20 = 32,000$$

entry →

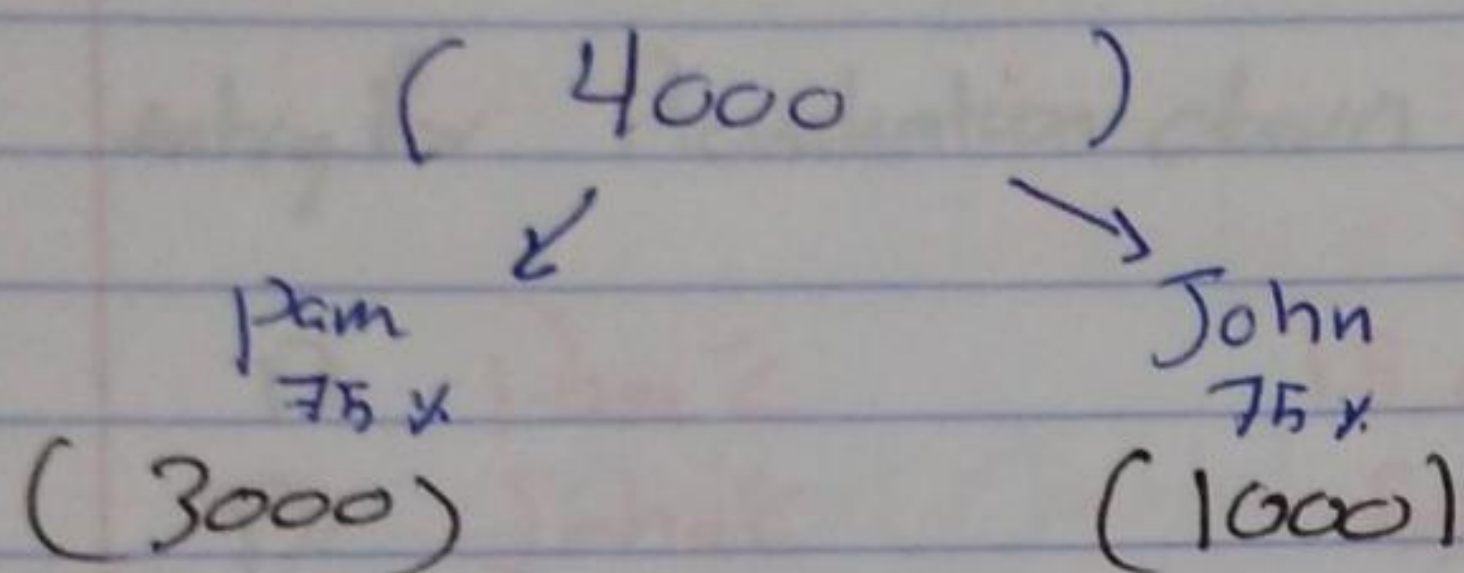
Pam's	32,000
Gerry's	32,000

11) Gerry pay 35,000 and take 20%

$$160,000 + 35,000 = 195,000$$

$$195,000 \times 0.20 = 39,000$$

$$35,000 < 39,000 \rightarrow 4,000$$



entry →

Dr Cash	35,000
Dr Pam C	3000
Dr John C	1000
Cr Gerry C	39,000

12) Gerry invest 35,000 and Goodwill to be recorded

to find the Goodwill for the new partner

$$160,000 / 0.80 = 200,000$$

$$200,000 = 160,000 + 35,000 + G.W$$

$$G.W = 5,000$$

entry

Cash	35,000
G.W	5,000
Gerry, C	40,000

→ $200,000 \times 0.20 = 40,000$

10] Gerry invest 35,000 / inventory overstated by 20,000

↳ 20,000 loss

↙ ↘
Pam John
15,000 5,000

$$160,000 - 20,000 = 140,000$$

entry for Revaluation down

Dr	Pam's C	15,000
Dr	John's C	5,000
	Cr inventory	20,000

$$↳ 140,000 + 35,000 = 175,000$$

$$175,000 \times 0.20 = 35,000$$

The entry for admission →

Dr	Cash	35,000
	Cr Gerry's C	35,000

E15-9 withdrawal of a Partner

1A Paid 38,000 to Karl and 16 Goodwill

Karl Capital	30,000
Paid	<u>38,000</u>
	8,000

$$(8000) \rightarrow \text{Luis} \rightarrow 8000 \times \frac{4}{5} = 6,400$$

$$\text{Marty} \rightarrow 8000 \times \frac{1}{5} = 1,600$$

entry $\rightarrow$ Dr Karl Capital	30,000
Dr Luis Capital	6,400
Dr Marty Capital	1,600
Cr Cash	38,000

1B Karl take 42,000 and ~~16~~ Goodwill is recorded

Karl Capital	30,000
Paid	<u>42,000</u>
	12,000 $\rightarrow$ G.W

entry to record Goodwill

Dr Goodwill	12,000
Cr Karl Capital	12,000

entry to withdraw Karl

Dr Karl Capital	42,000
Cr Cash	42,000

Q Karl take 35,000 and imputed Goodwill is recorded

$$\begin{array}{r} 30,000 \\ \rightarrow (35,000) \end{array}$$

5000 ~ Goodwill is recorded

اما انے بجل ان شری د Karl Goodwill لو دیا
ار بوجہ ار Total Goodwill لکل Partners لے بجل ان شری لکل دیا

$$\begin{array}{l} 5000 / \frac{1}{6} = 30,000 \\ \left[\begin{array}{l} \text{Luis } \frac{4}{6} = 20,000 \\ \text{Marky } \frac{1}{6} = 5,000 \\ \text{Karl } \frac{1}{6} = 5,000 \end{array} \right. \end{array}$$

entry →

Dr Goodwill	30,000
Cr L Capital	20,000
Cr M Capital	5,000
Cr K Capital	5,000

entry for withdrawal

Dr Karl Capital	35,000
Cr Cash	35,000

P15-11 → Admission of a Partner

A) Wayne purchase half of Marina Capital

entry Dr Marina C 360,000 160,000/2 = 80,000
Cr Wayne C 80,000

B) Wayne invest amount needed to give him one-third from the new FMV for the partnership

$$360,000 / \frac{2}{3} = 540,000$$

2/3 = 1/3 + 1/3

$$540,000 = 360,000 + \text{invest}$$

$$\hookrightarrow \text{invest} = 180,000$$

entry → Dr Cash 180,000
Cr Wayne C 180,000

C) invest by 110,000 and take 25% from FMV and G.W is recorded

$$100\% - 25\% = 75\%$$

$$360,000 / \frac{3}{4} = 480,000$$

$$480,000 = 360,000 + 110,000 + \text{G.W}$$

$$\hookrightarrow \text{G.W} = 10,000$$

entry → Cash 110,000
G.W 10,000
Wayne C 120,000

II) Delbra and Merina agree that the inventory is overvalued
wayne pay 100,000 and take 25%.

II) Find the FMV $\rightarrow 100,000 / 25\% = 400,000$

invest by 100,000

$$360,000 + 100,000 = 460,000$$

$$460,000 > 400,000$$

$$\rightarrow (60,000) \leftarrow$$

$$(60,000) \rightarrow \begin{cases} \text{Delbra } (0.60) = 36,000 \\ \text{Merina } (0.40) = 24,000 \end{cases}$$

entry for Revaluation Down

Dr Delbra C	36,000	
Dr Merina C	24,000	
Cr inventory		60,000

entry for Admission wayne

Dr Cash	100,000	
Cr wayne C		100,000

Invest Directly by paying 80,000 to Debra and 60,000 to Merina and take 25%

$$360,000 \times 25\% = \underline{90,000}$$

to calculate the Revolutation up

$$140,000 / 0.25 = 560,000$$

$$560,000 = 360,000 + R.up$$

$$R.up = 200,000 \quad \begin{array}{l} \rightarrow \text{Debra} \quad 120,000 \\ \rightarrow \text{Merina} \quad 80,000 \end{array}$$

entry Dr Land 200,000
Cr D'C 120,000
Cr M'C 80,000

$$560,000 \times 25\% = 140,000$$

← على انه الشك كسرت

Debra C	Merina C
200,000	160,000
120,000	80,000
320,000	240,000

$$320,000 \times 25\% = 80,000$$

$$240,000 \times 25\% = 60,000$$

entry Dr Debra C 80,000
Dr Merina C 60,000
Cr Wayne C 140,000

[P] Wayne invest 80,000 and take 20% from 440,000

$$440,000 \times 0.20 = 88,000$$

$$\begin{array}{r} 38,000 \\ (80,000) \\ \hline 8,000 \rightarrow \text{loss} \end{array}$$

$$\begin{array}{ccc} & 8,000 & \\ & \swarrow \quad \searrow & \\ D & & M \\ 4,800 & & 3,200 \end{array}$$

entry

Dr Cash	80,000	
Dr Debra's C	4,800	
Dr Mering's C	3,200	
		Cr Wayne's C 88,000

[G] Wayne invest 100,000 and take 0.20, Goodwill Recorded

$$100,000 / 0.20 = 500,000$$

$$360,000 + 100,000 = 460,000$$

$$40,000$$

$$500,000 = 360,000 + 100,000 + G.W$$

$$G.W = 40,000 \quad \left[\begin{array}{l} D = 24,000 \\ M = 16,000 \end{array} \right]$$

entry →

Dr Goodwill	40,000	
		Cr Debra 24,000
		Cr Mering 16,000

entry →

Dr Cash	100,000	
		Cr Wayne's C 100,000

P15-12 Division of Income

a "Kicker" Play"

[1] Eastwood Capital

Date	Dr	Cr	B	Month	Month \$
1/1		30,000	30,000 x	4	120,000
5/1		6,000	36,000 x	4	144,000
9/1	8,000		28,000 x	4	112,000
					<u>376,000</u>

T 376,000

÷ 12

$$A-C = 31,333$$

[2] North A Capital

Date	Dr	Cr	B	Month	Month \$
1/1		40,000	40,000 x	2	80,000
3/1	9,000		31,000 x	4	124,000
7/1		5,000	36,000 x	2	72,000
9/1		4,000	40,000 x	4	160,000

T 436,000

÷ 12

$$A-C = 36,333$$

[3] West A Capital

Date	Dr	Cr	B	Month	Month \$
1/1		50,000	50,000 x	3	150,000
4/1		7,000	57,000 x	2	114,000
6/1		3,000	60,000 x	2	120,000
8/1	12,000		48,000 x	5	240,000

T-C 624,000

÷ 12

$$A-C = 52,000$$

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3:3:4

	East	North	West	Balance
	31,333	36,333	52,000	

Net income

Salaries to partners

15,000

20,000

18,000

78,960

(53,000)

Remaining

25,960

2) Bonus after D

3760

(3760)

Remaining

22,200

3) 6% interest on C

E-Bonus 10% on A

2,800

4,000

4,800

(11,600)

Remaining

10,600

4) Remm. on A 3:3:4

3,180

3,180

4,240

(10,600)

Total Balance →

24,740

27,180

27,040

0

"How to C/14 Bonus for East"

$$B = 0.1 (78,960 - B)$$

$$B = 3848 - 0.05 B$$

$$\frac{1.05 B}{1.05} = \frac{3848}{1.05} \Rightarrow B = \underline{3760}$$

✓ "فرض C ، B نفس الفكار"

P15-13 Investment of new partner

Net Asset = 600,000

Snider
invest 25%

$$\text{A) } \frac{600,000}{75\%} = 800,000 \times 25\% \\ = 200,000$$

entry $\Rightarrow$ Dr Cash 200,000
Cr Snider 200,000

B) 30,000 G.W. allocate to old partners

Dr Good will	30,000			
Cr. Der Capital	12,000	}	Der	12,000
Cr. Egan Capital	9,000		Egan	9,000
Cr. Oprins Capital	9,000		Oprins	9,000

$$600,000 + 30,000 = 630,000 / 75\% = 840,000$$

$$840,000 \times 25\% = 210,000$$

entry Dr Cash 210,000
Cr Sni Capital 210,000

[C] Paid 24,000 Bonus to old partners

$$\begin{aligned} 24,000 \times 40\% &= 9,600 \text{ to Der} \\ 24,000 \times 30\% &= 7,200 \text{ to Egan} \\ 24,000 \times 30\% &= 7,200 \text{ to Oprins} \end{aligned}$$

entry Dr Cash 24,000

Cr Der C 9,600
Cr Egan C 7,200
Cr Oprins C 7,200

$$\begin{aligned} 600,000 + 24,000 \\ &= 624,000 \\ &\quad \underline{15\%} \\ &= 832,000 \end{aligned}$$

$$\begin{aligned} 832,000 &= 624,000 + \text{invest} \\ - 624,000 &- 624,000 \end{aligned}$$

$$\text{investment} = 208,000$$

entry → Dr Cash 208,000
Cr Snidar C 208,000

[D] give Gw = 10,000 to new partner Snidar

$$800,000 = 600,000 + 10,000 + \text{Investment}$$

$$\text{investment} = 190,000$$

entry → Cash 190,000
Goodwill 10,000
Snidar C 200,000

1e] Revaluation up for other assets 20,000
and recognize Goodwill by 40,000

		60,000	→ Der	24,000
			→ Eg	18,000
			→ Op	18,000
entry	Dr Other Assets	20,000		
	Dr Goodwill	40,000		

	Cr Der Capital	24,000
	Cr Eg Capital	18,000
	Cr Op Capital	18,000

After this $\Rightarrow 600,000 + 60,000$
 $= 660,000 / 1.5 = 380,000$

$380,000 \times 0.25 = 220,000$

entry $\rightarrow$ Cash 220,000
 Sni Capital 220,000

1f] The total Capital 820,000 and to G.W

$205,000 = 820,000 \times 25\%$

$820,000 = 600,000 + \text{invest} + \text{Bouns}$

$820,000 = 600,000 + 205,000 + B$

$B = 15,000$

	Der	6,000
	Eg	4,500
	Op	4,500

entry Dr Cash 220,000

	Cr Der 'C	6,000
	Cr Eg 'C	4,500
	Cr Op 'C	4,500
	Cr Sni 'C	205,000

[9] Revaluation Down by 20,000 to Assets
and give 40,000 Bonus to snidar

entry → Re-down

Dr Der Capital	8,000	
Dr Eg Capital	6,000	
Dr Op Capital	6,000	
Cr other Assls		20,000

Der 40%
Eg 30%
Op 30%

$$600,000 - 20,000 - 40,000 = 540,000 / 1.5 = 720,000$$

$$720,000 \times 0.25 = 180,000$$

Cash 140,000 Bonus 40,000

(40,000)
Der 16,000
Eg 12,000
Op 12,000

entry

Dr Cash	140,000
Dr Der Capital	16,000
Dr Eg Capital	12,000
Dr Op Capital	12,000

Cr snidar Capital 180,000