Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-2

K. Decker, S. Rosen, and E. Toso are forming a partnership. Decker is transferring $53,120 of personal cash to the partnership. Rosen owns land worth $15,360 and a small building worth $78,610, which she transfers to the partnership. Toso transfers to the partnership cash of $12,580, accounts receivable of $32,580 and equipment worth $21,040. The partnership expects to collect $29,322 of the accounts receivable.

Prepare the journal entries to record each of the partners' investments. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit
(To record investment of Decker.)		
(To record investment of Rosen.)		
(To record investment of Toso.)		

What amount would be reported as total owners' equity immediately after the investments?

Total owners' equity $________

Question Attempts: 0 of 5 used

Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-3

Suzy Vopat has owned and operated a proprietorship for several years. On January 1, she decides to terminate this business and become a partner in the firm of Vopat and Sigma. Vopat's investment in the partnership consists of $11,930 in cash, and the following assets of the proprietorship: accounts receivable $14,860 less allowance for doubtful accounts of $1,871, and equipment $19,720 less accumulated depreciation of $3,530. It is agreed that the allowance for doubtful accounts should be $2,807 for the partnership. The fair value of the equipment is $12,523.

Journalize Vopat's admission to the firm of Vopat and Sigma. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit

Question Attempts: 0 of 5 used

Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-4 (Part Level Submission)

McGill and Smyth have capital balances on January 1 of $48,000 and $42,000, respectively. The partnership income-sharing agreement provides for (1) annual salaries of $15,800 for McGill and $15,200 for Smyth, (2) interest at 12% on beginning capital balances, and (3) remaining income or loss to be shared 70% by McGill and 30% by Smyth.

*(a)

(1) Prepare a schedule showing the distribution of net income, assuming net income is $68,200. ***(If an amount reduces the account balance then enter with a negative sign preceding the number or parenthesis, e.g. -15,000, (15,000).)***

DIVISION OF NET INCOME

	McGill	Smyth	Total
Salary allowance	$	$	$
Interest allowance			
Total salaries and interest			
Remaining income / deficiency			
Total division of net income	$	$	$

(2) Prepare a schedule showing the distribution of net income, assuming net income is $21,500. ***(If an amount reduces the account balance then enter with a negative sign preceding the number or parenthesis, e.g. -15,000, (15,000).)***

DIVISION OF NET INCOME

	McGill	Smyth	Total
Salary allowance	$	$	$
Interest allowance			
Total salaries and interest			
Remaining income / deficiency			
Total division of net income	$	$	$

Attempts: 0 of 5 used

*(b)

The parts of this question must be completed in order. This part will be available when you complete the part above.

Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-5

Coburn (beginning capital, $56,300) and Webb (beginning capital $92,400) are partners. During 2014, the partnership earned net income of $72,500, and Coburn made drawings of $19,140 while Webb made drawings of $23,650.

Assume the partnership income-sharing agreement calls for income to be divided 45% to Coburn and 55% to Webb. Prepare the journal entry to record the allocation of net income. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit

Assume the partnership income-sharing agreement calls for income to be divided with a salary of $29,500 to Coburn and $25,700 to Webb, with the remainder divided 45% to Coburn and 55% to Webb. Prepare the journal entry to record the allocation of net income. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit

Assume the partnership income-sharing agreement calls for income to be divided with a salary of $40,500 to Coburn and $35,400 to Webb, interest of 12% on beginning capital, and the remainder divided 50%-50%. Prepare the journal entry to record the allocation of net income. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit

Compute the partners' ending capital balances under the assumption in part (c) above.

	Ending capital
Coburn	$
Webb	$

Question Attempts: 0 of 5 used

Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-6

For National Co., beginning capital balances on January 1, 2014, are Nancy Payne $18,820 and Ann Dody $22,480. During the year, drawings were Payne $8,240 and Dody $4,950. Net income was $30,800, and the partners share income equally.

Prepare the partners' capital statement for the year. ***(List items that increase partners' capital first.)***

NATIONAL CO.
Partners' Capital Statement
For the Year Ended December 31, 2014

	N. Payne	A. Dody	Total
	$	$	$
:			
:			
	$	$	$

Prepare the owners' equity section of the balance sheet at December 31, 2014.

NATIONAL CO.
Partial Balance Sheet
December 31, 2014

	$	
		$

Question Attempts: 0 of 5 used

Print by: IRENE CORDREY-WALKER
272.ZG81.Sp2014.Terrero / HW - Ch 12

*Exercise 12-7

Terry, Nick, and Frank are forming The Doctor Partnership. Terry is transferring $30,636 of personal cash and equipment worth $24,919 to the partnership. Nick owns land worth $17,310 and a small building worth $75,158, which he transfers to the partnership. There is a long-term mortgage of $20,579 on the land and building, which the partnership assumes. Frank transfers cash of $7,981, accounts receivable of $35,684, supplies worth $2,725, and equipment worth $21,684 to the partnership. The partnership expects to collect $31,017 of the accounts receivable.

Prepare a classified balance sheet for the partnership after the partners' investments on December 31, 2014. ***(List current assets in order of liquidity. List Property, Plant and Equipment in order of Land, Buildings and Equipment.)***

THE DOCTOR PARTNERSHIP
Balance Sheet
December 31 , 2014

Assets

$

$

:

$

$

$

Liabilities and Owners' Equity

$

$

$

Question Attempts: 0 of 5 used