

EXERCISE E12-3

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
1/1	Cash		12,000	
	Accounts Receivable		14,000	
	Equipment		13,500	
	Allow for Doubtful Accts			3,000
	Herington, Capital			36,500

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
	Cox, Capital		10,000	
	Day, Capital			10,000

BRIEF EXERCISE BE12-8

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
	Cash		52,000	
	Menke, Capital		5,950	
	Hibbett, Capital		5,950	
	Kosko, Capital			63,900

EXERCISE E12-4

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(1) Net Income is \$50,000

<u>Description</u>	<u>Calvert</u>	<u>Powers</u>	<u>Total</u>
“Salaries”	20,000	12,000	32,000
“Interest”	5,000	4,000	9,000
Remainder	<u>5,400</u>	<u>3,600</u>	<u>9,000</u>
Totals	<u>30,400</u>	<u>19,600</u>	<u>50,000</u>

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/31	Income Summary		50,000	
	F. Calvert, Capital			30,400
	G. Powers, Capital			19,600

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(2) Net Income is \$36,000

<u>Description</u>	<u>Calvert</u>	<u>Powers</u>	<u>Total</u>
“Salaries”	20,000	12,000	32,000
“Interest”	5,000	4,000	9,000
Remainder	<u>(3,000)</u>	<u>(2,000)</u>	<u>(5,000)</u>
Totals	<u>22,000</u>	<u>14,000</u>	<u>36,000</u>

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/31	Income Summary		36,000	
	F. Calvert, Capital			22,000
	G. Powers, Capital			14,000

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(1) Net Income is \$50,000

<u>Description</u>	<u>Calvert</u>	<u>Powers</u>	<u>Total</u>
“Salaries”			
“Interest”			
Remainder			
Totals			50,000

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/31	Income Summary		50,000	
	F. Calvert, Capital			30,400
	G. Powers, Capital			19,600

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(2) Net Income is \$36,000

<u>Description</u>	<u>Calvert</u>	<u>Powers</u>	<u>Total</u>
“Salaries”			
“Interest”			
Remainder			
Totals			36,000

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/31	Income Summary		36,000	
	F. Calvert, Capital			22,000
	G. Powers, Capital			14,000

EXERCISE E12-11 – page 544

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
1.	J. Lynn, Capital		15,000	
	D. Duran, Capital			15,000
2.	M. Oller, Capital		13,000	
	D. Duran, Capital			13,000
3.	F. Tate, Capital		6,000	
	D. Duran, Capital			6,000

EXERCISE E12-12 - page 544

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
1.	Cash		90,000	
	G. Olde, Capital			7,200
	R. Young, Capital			4,800
	K. Twener, Capital			78,000
2.	Cash		50,000	
	G. Olde, Capital		9,600	
	R. Young, Capital		6,400	
	K. Twener, Capital			66,000

EXERCISE E12-8

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<u>Item</u>	<u>Cash</u>	<u>Noncash Assets</u>	<u>Liabilities</u>	<u>Rodriguez 60%</u>	<u>Escobedo 40%</u>
Balances	20,000	100,000	55,000	45,000	20,000
Realization	<u>110,000</u>	<u>- 100,000</u>		<u>6,000</u>	<u>4,000</u>
Balances	130,000	-0-	55,000	51,000	24,000
Pd creditors	<u>- 55,000</u>		<u>- 55,000</u>		
Balances	75,000	-0-	-0-	51,000	24,000
Pd partners	<u>- 75,000</u>			<u>- 51,000</u>	<u>- 24,000</u>
Balances	-0-	-0-	-0-	-0-	-0-

EXERCISE E12-9

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
1.	Cash		110,000	
	Loss or Gain on Realization			10,000
	Noncash Assets			100,000
2.	Loss or Gain on Realization		10,000	
	Rodriguez, Capital			6,000
	Escobedo, Capital			4,000
3.	Liabilities		55,000	
	Cash			55,000
4.	Rodriguez, Capital		51,000	
	Escobedo, Capital		24,000	
	Cash			75,000

EXERCISE E12-10

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(a)

<u>Item</u>	<u>Cash</u>	<u>Noncash Assets</u>	<u>Liabilities</u>	<u>5 N</u>	<u>3 J</u>	<u>2 F</u>
Balances						
Realization						
Balances						
Pd creditors						
Balances	28,000			17,000	15,000	(4,000)
Rec'd cash	<u>+ 4,000</u>					<u>+ 4,000</u>
Balances	32,000			17,000	15,000	-0-
Pd partners	<u>-32,000</u>			<u>-17,000</u>	<u>-15,000</u>	<u>-0-</u>
Balances	-0-	-0-	-0-	-0-	-0-	-0-

EXERCISE E12-10 (continued)

(b)

<u>Item</u>	<u>Cash</u>	<u>Noncash Assets</u>	<u>Liabilities</u>	<u>5 N</u>	<u>3 J</u>	<u>2 F</u>
Balances						
Realization						
Balances						
Pd creditors						
Balances	28,000			17,000	15,000	(4,000)
Absorb loss				<u>- 2,500</u>	<u>- 1,500</u>	<u>+ 4,000</u>
Balances	28,000			14,500	13,500	-0-
Pd partners	<u>-28,000</u>			<u>-14,500</u>	<u>- 13,500</u>	<u>-0-</u>
Balances	-0-	-0-	-0-	-0-	-0-	-0-

textbook solution: absorb loss then distribute cash

EXERCISE E12-10 (continued)

(b) (alternate)

<u>Item</u>	<u>Cash</u>	<u>Noncash Assets</u>	<u>Liabilities</u>	<u>5 M</u>	<u>3 P</u>	<u>2 H</u>
Balances	28,000			17,000	15,000	(4,000)
Pd partners				-	-	
Balances	28,000					
Balances						

realistic solution: distribute cash; wait as long as possible; maybe collect some from deficient partner; absorb loss

BRIEF EXERCISE BE12-1

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
	Cash		10,000	
	Equipment		5,000	
	Stanley Farrin, Capital			15,000

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
	Income Summary		70,000	
	Held, Capital			42,000
	Bond, Capital			28,000

BRIEF EXERCISE BE12-4 – page 542

<u>Description</u>	<u>E</u>	<u>S</u>	<u>U</u>	<u>Total</u>
“Salaries”	15,000	5,000	5,000	25,000
Remainder				
Totals				<u>55,000</u>

<u>Description</u>	<u>E</u>	<u>S</u>	<u>U</u>	<u>Total</u>
“Salaries”	15,000	5,000	5,000	25,000
Remainder				<u>30,000</u>
Totals				<u>55,000</u>

<u>Description</u>	<u>C</u>	<u>S</u>	<u>N</u>	<u>Total</u>
“Salaries”	15,000	5,000	5,000	25,000
Remainder	<u>15,000</u>	<u>9,000</u>	<u>6,000</u>	<u>30,000</u>
Totals	<u>30,000</u>	<u>14,000</u>	<u>11,000</u>	<u>55,000</u>

BRIEF EXERCISE BE12-5 – page 542

<u>Description</u>	<u>Joe</u>	<u>Sam</u>	<u>Total</u>
“Interest”	7,000	5,000	12,000
“Salaries”	15,000	10,000	25,000
Remainder	_____	_____	_____
Totals	=====	=====	<u>28,000</u>

<u>Description</u>	<u>Joe</u>	<u>Sam</u>	<u>Total</u>
“Interest”	7,000	5,000	12,000
“Salaries”	15,000	10,000	25,000
Remainder	<u>(4,500)</u>	<u>(4,500)</u>	<u>(9,000)</u>
Totals	<u>17,500</u>	<u>10,500</u>	<u>28,000</u>

BRIEF EXERCISE BE12-6 – page 542

<u>Item</u>	<u>Cash</u>	<u>Noncash Assets</u>	<u>Liabilities</u>	<u>A</u>	<u>L</u>	<u>F</u>
Balances						
Realization						
Balances						
Pd creditors						
Balances	19,000			8,000	7,000	4,000
Pd partners	<u>-19,000</u>			<u>- 8,000</u>	<u>- 7,000</u>	<u>- 4,000</u>
Balances	-0-	-0-	-0-	-0-	-0-	-0-

<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/31	A, Capital		8,000	
	L, Capital		7,000	
	F, Capital		4,000	
	Cash			19,000

