

The correct answer is: \$237,500

Radley and Smithers share income and losses in a 2:1 ratio after allowing for salaries to Radley of \$24,000 and \$30,000 to Smithers. Net income for the partnership is \$48,000. Income should be divided as follows:

- a. Radley, \$20,000; Smithers, \$28,000
- b. Radley, \$21,000; Smithers, \$27,000
- c. Radley, \$24,000; Smithers, \$24,000
- d. Radley, \$32,000; Smithers, \$16,000



Question 8

Correct

Mark 1.00 out  
of 1.00

Flag  
question

Wasem and Mazen each sell  $\frac{1}{3}$  of their partnership interest to Shadi, receiving \$105,000 each. At the time of the admission, each partner has a \$315,000 capital balance. The entry to record the admission of Shadi will include a

- a. debit to Wasem, Capital for \$105,000.
- b. credit to Shadi, Capital for \$315,000.
- c. debit to Cash for \$210,000.
- d. debit to Mazen, Capital for \$315,000.



The correct answer is: debit to Wasem, Capital for \$105,000.



The correct answer is: \$35,000

The Felton and Burchell Partnership has partner capital account balances as follows:

Felton, Capital	\$550,000
Burchell, Capital	200,000

The partners share income and losses in the ratio of 60% to Felton and 40% to Burchell Santos invests \$240,000 in the partnership for a one-third ( $1/3$ ) interest in partnership capital.

**Required:** How much would Felton lose from his capital, due to this transaction?

(Note: write your answer as a number only, with no commas or dollar signs).

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The correct answer is: they will share income and losses equally

The RAM Company at December 31 has cash \$100,000, noncash assets \$280,000, liabilities \$138,000, and the following capital balances: Rami \$112,000, Ahmed \$80,000 and Maher \$50,000. The firm is liquidated, and \$265,000 in cash is received for the noncash assets. Rami, Ahmed, and Maher income sharing ratios are 55%, 30%, and 15%, respectively.

Required: At the end of the liquidation process, how much cash will Rami receive?

(Note: write your answer as a number only, with no commas or dollar signs).

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When admitting a new partner by investment, a bonus to old partners is allocated on

- a. the basis of capital balances.
- b. a seniority basis.
- c. the basis of the original investment of the old partners.
- d. the basis of income sharing ratios before the admission of the new partner. ✓

The correct answer is: the basis of income sharing ratios before the admission of the new partner.

When a partner invests noncash assets in a partnership, the assets should be

The correct answer is: 54000

Encisco and Ollinger are partners who share profits and losses equally and have capital balances of \$280,000 and \$245,000, respectively. Parks is admitted into the partnership by investing \$245,000 for a 30% capital interest. The account balance of Ollinger, Capital after the admission of Parks would be

- a. \$245,000.
- b. \$238,000.
- c. \$231,000.
- d. \$252,000.





Question 3

Correct

Mark 1.00 out of 1.00

Flag question

Partners Nour, Rasha, and Sandy have capital account balances of \$90,000 each. The income and loss ratio is 5:2:3, respectively. In the process of liquidating the partnership, noncash assets with a book value of \$75,000 are sold for \$30,000. The balance of Rasha's Capital account after the sale is

- a. \$81,000.
- b. \$76,500.
- c. \$67,500.
- d. \$99,000.



The correct answer is: \$81,000.

An entry is not required in the liquidation of a partnership to record the

- a. payment of cash to creditors (settle liabilities).
- b. sale of noncash assets.
- c. distribution of cash to the partners.
- d. allocation of a capital deficiency to partners with credit balances when the deficient partner is expected to pay the deficiency. ✓

The correct answer is: allocation of a capital deficiency to partners with credit balances when the deficient partner is expected to pay the deficiency.



Sandy and Mira have formed the SM Partnership, and have capital balances of \$130,000 and \$100,000, respectively, on January 1, 2017. On June 1, 2017, Mira invested an additional \$30,000. Also during the year, Sandy withdrew \$60,000 and Mira withdrew \$48,000. Sales for the year amounted to \$400,000 and expenses were \$240,000. Sandy and Mira share income and losses on a 3:1 basis.

Required: What is the ending capital balance for Sandy, on 31/12/2017?

(Note: write your answer as a number only, with no commas or dollar signs).

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Answer: 190000



The correct answer is: 190000



The correct answer is: \$252,000.

If there is no written agreement as to the way income will be divided among partners

- a. they will share income and losses according to the time devoted to the business.
- b. they will share income and losses according to their capital balances
- c. there really is no partnership agreement
- d. they will share income and losses equally





On April 30, capital balances are Sara \$300,000, Adam \$250,000 and Gorge \$250,000. The income ratios are 20%, 20% and 60%, respectively. Sara decides to retire from the partnership. The partnership pays Sara \$350,000 cash from the company, for her partnership interest. After Sara's retirement, what is the balance of Adam's capital account?

- a. \$237,500
- b. \$250,000
- c. \$240,000
- d. \$325,000

