

E 16-3 → Equipment B-V = 40,000

	Bracken 40%	Lauren 30%	Menser 30%
Preliquidation Balances	25,000	5,000	10,000
(A) sold for 30,000 → loss 10,000	(4,000)	(3,000)	(3,000)
Capital Balance After selling	21,000	2,000	7,000
<u>Final Distribution Cash</u>	<u>(21,000)</u>	<u>(2,000)</u>	<u>(7,000)</u>
Post liquidation	0	0	0
(B) sold for	25,000	5,000	10,000
sold for 21,000 loss 19,000	(7,600)	(5,700)	(5,700)
Capital Balances	17,400	(700)	4,300
40/70 x 700	(400)	700	(300)
30/70 x 300			
Balances After sale the Def	17,000	0	4,000
<u>Final Distribution Cash</u>	<u>(17,000)</u>	<u>0</u>	<u>(4,000)</u>
(C) Pre liquidation Balances	25,000	5,000	10,000
sold eq for 7,000 → loss 33k	(13,200)	(9,900)	(9,900)
Balances	11,800	(4,900)	100
solve the Depreciate			
40/70 x 4,900	(2,800)	4,900	(2,100)
30/70 x 4,900			
Balances	9,000	0	(2,000)
(2,000)		0	2,000
Balances	7,000	0	0
Cash Distribution	(7,000)		
Post liquidation	0	0	0



# E16-4 Lump-sum liquidation

Partner	Capital	Share
Matt	80,000	0.50
Mit	36,000	0.30
Mich	14,000	0.20

  

Partner	Capital	Share
Matt	80,000	0.50
Mit	36,000	0.30
Mich	14,000	0.20
<b>Total</b>	<b>130,000</b>	<b>1.00</b>

## BG Company Statement of Liquidation Lump-sum liquidation

	Cash + non cash	Liability	Matt (50%)	Mit (30%)	Mich (20%)
Preliquidation	20,000	150,000	30,000	80,000	46,000
Sale of Assets	110,000	(150,000)	—	(20,000)	(12,000)
<b>Balance After S</b>	130,000	Ø	30,000	60,000	34,000
Payment to Creditor	(30,000)	—	(30,000)	—	—
<b>Balances</b>	100,000	Ø	Ø	60,000	34,000
Payment for partners	(100,000)	—	—	(60,000)	(34,000)
<b>Post liquidation</b>	Ø	Ø	Ø	Ø	Ø

entry Dr Mit loan 10,000  
 Cr Mit Capital 10,000

entry Dr Cash 10,000  
 Dr Matt 20,000  
 Dr Mit 12,000  
 Dr Mich 8,000  
 Cr Assets 150,000







E16-4 Safe payment schedule

a. 100% of L.P. 20%

	30%	50%	20%
Terry	12,000	36,000	54,000
	(9,000)	—	15,000
<b>Total</b>	<b>3,000</b>	<b>36,000</b>	<b>69,000</b>
wrote of 28,000 G.W	(8,400)	(14,000)	(5,600)
wrote of 12,000 Receiv.	(3,600)	(6,000)	(2,400)
4000 loss of sold inv	(1,200)	(2,000)	(800)
Total Balance	(10,200)	14,000	60,200
loss of 10,000 Receiv. + 9,000 Rec			
From Terry + 24,000 inv	(12,900)	(21,500)	(8,600)
liquidation cost	(1,800)	(3,000)	(1,200)
Total Balance	(24,900)	(10,500)	50,400
	24,900	10,500	(35,400)
Safe payment to partner	0	0	15,000



E16-6 schedule of safe payments to partners

	Cash + inventory		=	Ac payable	+	Maness	+	Joiner
						80%		20%
Pre liquidation	25,000	120,000		15,000		65,000		65,000
Sold $\frac{1}{2}$ inven with loss 20,000 $\rightarrow$	4,000	(60,000)				(16,000)		(4,000)
	(10,000)			(10,000)				
	55,000	60,000		5,000		49,000		61,000
Payment according sch 1 (50,000)						(1,000)		(49,000)
Balances	5,000	60,000		5,000		48,000		12,000
Sold inventory with loss 30,000	30,000	(60,000)				(24,000)		(6,000)
	(5,000)			(5,000)				
	30,000	0		0		24,000		6,000
Payment to partners (30,000)		-		-		(24,000)		(6,000)
Post liquidation	0	0		0		0		0

schedule of safe payment (1)

	Maness	Joiner
Total Balance	49,000	61,000
Loss of R-inventory	(48,000)	(12,000)
	80%	20%
Total	1,000	49,000



# E16-7 Profit and loss sharing Ratios

Cash = 17,000      Account payable = 12,000  
 NonCash = 190,000

Nelson C 15,000  
 Osman C 75,000  
 Peters C 75,000  
 Quincy C 30,000

Total = 207,000

↳ non Cash Assets sold for = 100,000

Nelson & Quincy → personally insolvent  
 Osman & Peter → personally solvent

## Profit / loss Ratios 3:3:2:2

	Cash	nonC	Liability	30% N	30% O	20% P	20% Q
Preliquidation	17,000	190,000	12,000	15,000	75,000	75,000	30,000
90,000 loss of sold	100,000	(190,000)		(27,000)	(27,000)	(18,000)	(18,000)
Balances	17,000	0	12,000	(12,000)	48,000	57,000	12,000
solve the deficit of N				17,000			
30% x 12,000					(5,143)		
20% x 12,000						(3,429)	
20% x 12,000							(3,428)
Balance	17,000	0	12,000	0	42,857	53,572	8,571
pay the liability	(12,000)		(12,000)				
Balance	105,000	0	0	0	42,857	53,572	8,571
Distribution Cash	(105,000)	0	0	0	(42,857)	(53,572)	(8,571)
Postliquidation	0	0	0	0	0	0	0

# باهر الزفر نفس الفكرة



E/6-9

	Cash	Adams loan	non C	liab	20% Adam	30% Peters	50% Blake
Pre liquidation	40,000	10,000	20,000	50,000	55,000	75,000	70,000
sale of Adam loan		(10,000)			(10,000)		
sale for 65,000	65,000		85,000		(4,000)	(6,000)	(10,000)
payment 21k to Cred.	(21,000)			(21,000)			
<hr/>							
Balance	84,000	Ø	115,000	29,000	41,000	69,000	60,000
payment to P-schedule (55,000)					(18,000)	(34,500)	(2,500)
<hr/>							
Balance	29,000	Ø	115,000	29,000	23,000	34,500	57,500
sale for 79,000	79,000		(115,000)		(7,200)	(10,800)	(18,000)
payment rem. Cred. (29,000)	(29,000)			(29,000)			
<hr/>							
Balance	79,000	Ø	Ø	Ø	15,800	23,700	39,500
payment to P. (79,000)	(79,000)	-	-	-	(15,800)	(23,700)	(39,500)
<hr/>							
Post liquidation	Ø	Ø	Ø	Ø	Ø	Ø	Ø

sale payment schedule

	20% Adam	30% Peters	50% Blake
Balance Capital	41,000	69,000	60,000
Assume full loss of 115,000 →	(23,000)	(34,500)	(57,500)
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sale payment to partners	18,000	34,500	2,500



# E16-10<sup>\*</sup> in Corporation of a partnership

□ Revaluation down Par (1) inventory (2) Account Receivable  
(3) Equipment

entry → Dr Alice C  $11,200 \times 0.60$  6,720  
 Dr Betty C  $11,200 \times 0.40$  4,480  
 Cr Account Receivable 800  
 Cr inventory 3,200  
 Cr Equipment 7,200

Alice		Betty		
	62,400		34,000	7,100 C.S
6,720		4,480		$\times 10^6$ per Partner's
	55,680		29,520	<hr/>
				71,000

entry → Dr investment in A/B Corporation 85,200  
 Dr Account payable 17,200  
 Cr Account Receivable 21,600  
 Cr Cash 8,000  
 Cr inventory 32,800  
 Cr equipment 40,000

entry Dr Alice Capital 55,680  
 Dr Betty Capital 29,520  
 Cr investment in A/B Corporation 85,200



# entry of A, B Corporation

Dr Cash	8,000	
Dr Account Receivable	21,600	
Dr inventory	32,800	
Dr Equipment	40,000	
		Cr Account payable
		17,200
		Cr Common stock
		71,000
		Cr Additional paid in Capital
		14,200

$$\begin{array}{r}
 85,200 \\
 - (71,000) \\
 \hline
 14,200
 \end{array}$$

$$\# \text{ Alice} = \frac{55,680}{85,200} \times 71,000$$

$$= 4,640 \text{ Common stock}$$

$$\# \text{ Betty} = \frac{29,520}{85,200} \times 71,000$$

$$= 2,460 \text{ Common stock}$$



# P16-14 installment liquidation

	Cash + non Cash	Acc payable +	Art + Bru +	Chou		
	50%	30%	20%			
Pre liquidation	18,000	307,000	53,000	28,000	10,000	74,000
① 5,000 from all Recs	5,000	(66,000)		(7,500)	(4,500)	(3,000)
② 28,000 from all invs	28,000	(32,000)		(7,000)	(4,200)	(2,800)
③ 2,000 liq exp	(2,000)			(1,000)	(600)	(400)
④ 5,000 paid	(5,000)		(5,000)			
⑤ offset (3,000)			(3,000)	(1,500)	900	600
<u>Balance</u>	<u>55,000</u>	<u>189,000</u>	<u>Ø</u>	<u>74,000</u>	<u>101,600</u>	<u>68,400</u>
<u>Safe payment</u>	<u>(45,000)</u>			<u>-</u>	<u>(26,600)</u>	<u>(18,400)</u>
Balance	10,000	189,000	Ø	74,000	75,000	50,000
⑥ paid 4,000 exp	(4,000)			(2,000)	(1,200)	(800)
<u>Balance</u>	<u>6,000</u>	<u>189,000</u>	<u>Ø</u>	<u>72,000</u>	<u>73,800</u>	<u>49,200</u>
<u>safe payment</u>	<u>Ø</u>	<u>-</u>	<u>Ø</u>	<u>Ø</u>	<u>Ø</u>	<u>Ø</u>
Balance	6,000	189,000	Ø	72,000	73,800	49,200
⑦ 146,000 of 11 non C	146,000	(189,000)	-	(21,500)	(17,900)	(8,600)
⑧ paid 5,000 liq	(5,000)			(2,500)	(1,500)	(1,000)
<u>Balance</u>	<u>147,000</u>	<u>Ø</u>		<u>48,000</u>	<u>59,400</u>	<u>39,600</u>
<u>payment to partner</u>	<u>(147,000)</u>	<u>-</u>		<u>(48,000)</u>	<u>(59,400)</u>	<u>(39,600)</u>
post liquidation	Ø	Ø	Ø	Ø	Ø	Ø



safe payment schedule

1) January 2011

	Arl 50%	Bru 30%	Chou 20%
Capital Balances	7400	101,600	68,400
possible loss (189,000 + 10,000)	(99,800)	(59,700)	(39,800)
<hr/> Balances	(25,500)	41,900	28,600
Solve the Diff	25,500		
$\frac{3}{5} \times 25,500$		(15,300)	
$\frac{2}{5} \times 25,500$			(10,200)
<hr/> safe payments	0	29,600	18,400

2) February 2011

Possible loss (189,000 + 6000)	(97,500)	(58,500)	(39,000)
<hr/> Balances	(28,500)	15,300	10,200
Solve the Diff	28,500	(15,300)	(10,200)
<hr/> safe payment	0	0	0