P12-1A

The post-closing trial balances of two proprietorships on January 1, 2008, are presented below.

	Patrick Company		Samuelson Company	
	Dr.	Cr.	Dr.	Cr.
Cash	\$14,000		\$12,000	
Accounts receivable	17,500		26,000	
Allowance for doubtful debts		\$3,000		\$4,400
Merchandise inventory	26,500		18,400	
Equipment	45,000		29,000	
Acc. Depreciation-equipment		24,000		11,000
Notes payable		18,000		15,000
Accounts payable		22,000		31,000
Patrick, Capital		36,000		
Samuelson, Capital				24,000
	\$103,000	\$103,000	\$85,400	\$85,400

Patrick and Samuelson decide to form a partnership, Pasa Company, with the following agreed upon valuations for noncash assets.

	Patrick Company	Samuelson Company
Accounts receivable	\$17,500	\$26,000
Allowance for doubtful debts	4,500	4,000
Merchandise inventory	28,000	20,000
Equipment	21,000	16,000

All cash will be transferred to the partnership, and the partnership will assume all the liabilities of the two proprietorships. Further, it is agreed that Patrick will invest an additional \$5,000 in cash, and Samuelson will invest an additional \$19,000 in cash.

Prepare separate journal entries to record the transfer of each proprietorship's assets and liabilities to the partnership. *(List multiple debit/credit entries in descending order of amount.)*

<u>Date</u>	Description/Account	Debit	Credit
Jan. 1			
	(Transfer of Patrick's assets and liabilities.)		
Jan. 1			
	(Transfer of Comusional accests and lisbilities)		
	(Transfer of Samuelson's assets and liabilities.)		

Journalize the additional cash investment by each partner.

<u>Date</u>	Description/Account	Debit	Credit
Jan. 1			

	(To record Patrick's investment.)	
Jan.1		
	(To record Samuelson's investment.)	

Prepare a balance sheet for the partnership on January 1, 2008. (List assets in order of liquidity, current liabilities with notes payable first and owners' equity alphabetically.)

