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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | **Partner** | **Capital Balance** | **Income Ratio** | | J. Fagan | $60,000 | 50% | | P. Ames | 40,000 | 30% | | K. Durham | 26,000 | 20% |   On December 31, the capital balances and income ratios in FAD Company are as follows.   |  | | --- | |  | | | | http://edugen.wileyplus.com/edugen/art2/common/pixel.gif |

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| http://edugen.wileyplus.com/edugen/art2/common/pixel.gif |

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| http://edugen.wileyplus.com/edugen/art2/common/pixel.gif | |  |  | | --- | --- | | |  | | --- | | Journalize the withdrawal of Durham under each of the following assumptions. Each of the continuing partners agrees to pay $18,000 in cash from personal funds to purchase Durham's ownership equity. Each receives 50% of Durham's equity.   1. Ames agrees to purchase Durham's ownership interest for $25,000 cash. 2. Durham is paid $34,000 from partnership assets, which includes a bonus to the retiring partner. 3. Durham is paid $22,000 from partnership assets, and bonuses to the remaining partners are recognized. | | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Account/Description** | **Debit** | **Credit** |
| **1.** |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **2.** |  |  |  |
|  |  |  |  |
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|  |  |  |  |

**A.**

**B.** If Ames's capital balance after Durham's withdrawal is $42,400 what were (1) the total bonus to the remaining partners and (2) the cash paid by the partnership to Durham?

|  |  |
| --- | --- |
| Total bonus | $ |
| Cash paid to Durham | $ |