

Quick Question On Distributing Partners' Income

The capital balances of LMN Company are as follows: L has \$40,000, M has \$60,000, and N has \$100,000. Income is shared according to their beginning capital balances. L and M receive salaries of \$30,000 and \$50,000 respectively. Interest of 9% is paid to all partners on their beginning capital balances. N receives a bonus after salaries and interest have been distributed amounting to 25% of income over \$50,000, up to a maximum bonus of \$25,000. Calculate the amount of income distributed to each partner and their ending capital balances under each of these two independent income situations: (1) income was \$75,000, and (2) income was \$250,000.