I. ENTRY OF NEW PARTNER AND DIVISION OF EARNINGS

NEW PARTNER PAYS A BONUS

Mary Perry became a partner of Linda's Video Showcase on January 2 of Year 2. She invested $30,000 cash and received one-fifth interest (20%). Linda's capital was $70,000. Make the Journal Entries to record the admission of Mary into the partnership.

DIVISION OF YEAR TWO'S INCOME

Linda Smith and Mary Perry were to receive salaries of $50,000 and $30,000 respectively. After the distribution of salaries, any positive or negative balance would be distributed according to their 4:1 capital ratio. Year 2's income was $110,000. Make the Journal Entry necessary to record the distribution of Year 2's income.