NEW PARTNER RECEIVES A BONUS

On January 4 of Year 3 a new store opened, the capital for which had been provided by Robert Jones, who invested $40,000 for a 30% interest in the company. Linda Smith and Mary Perry had capital balances on January 4 of Year 3 of $104,000 and $26,000 respectively. Make the Journal Entry necessary to record the admission of Robert Jones into the partnership.

DIVISION OF YEAR THREE'S INCOME

Year three's income of $150,000 would be distributed as follows: Linda and Mary would receive salaries of $50,000 and $30,000 respectively. All partners would receive 10% interest on their beginning capital balances. Linda, Mary, and Robert had beginning capital balances of $95,200, $23,800, and $51,000 respectively. Robert Jones was to receive a bonus of all income earned over $50,000 after salaries and interest had been distributed of up to $10,000. Karen was a silent partner and as a result, any remaining balance would be shared by Linda and Mary according to their beginning capital ratios of 4:1. Make the Journal Entry necessary to record the distribution of Year 3's income.