

## Accounting for the Addition of New Partner(s) to a Business

1. Mike and Bob allow Lucy to invest into the business for 30% interest in their partnership for 40,000 cash. Lucy brings a fresh new outlook to the business and has ties with industry insiders. Mike's & Bob's Capital account balances are \$60,000 each. The partners have agreed to income and losses equally. Prepare the General Journal entry to record the admission of Lucy to the Partnership.

Acct	Debit	Credit

2. Suppose the above information above changes to a 35% interest with an investment of \$30,000 by Lucy and Mike & Bobs capital accounts at \$50,000.00 each.

Acct	Debit	Credit

Use this area to explain your reasoning and show your calculations.