

## **Glencoe Accounting**

### **Chapter 28: Financial Statements and Liquidation of a Partnership**

#### **I-Summary**

In this chapter, you learned how the financial statements for a partnership differ from those of a sole proprietorship. You also learned about the issues involved when a partnership is liquidated or dissolved.

As you know, the process of liquidation involves the sale of noncash assets, accounting for any gains or losses associated with those sales, payment of partnership debts, and distribution of remaining cash to the partners.

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#### I-Quiz

1. Which financial statement uses a specific date in the heading as opposed to a period of time?
  - A. income statement
  - B. balance sheet
  - C. statement of changes in partners' equity
2. How does the income statement for a partnership differ from that of a sole proprietorship?
  - A. both partner's capital accounts appear
  - B. both partner's withdrawals accounts appear
  - C. net income or loss is divided by partner
3. If all partnership assets are converted to cash and all debts are paid, what has occurred?
  - A. dissolution
  - B. liquidation
  - C. final distribution
4. If a partnership has four general partners and one wishes to leave, what must happen?
  - A. dissolve the partnership; begin a new one
  - B. liquidate the partnership
  - C. replace the partner that is leaving

#### Answer Key

1. B
2. C
3. B
4. A