

Study Guide 23

Name	Perfect Score	Your Score
Identifying Accounting Terms	7 Pts.	
Identifying Accounting Concepts and Practices	11 Pts.	
Analyzing Partnership Transactions	27 Pts.	
Total	45 Pts.	

Part One—Identifying Accounting Terms

Directions: Select the one term in Column I that best fits each definition in Column II. Print the letter identifying your choice in the Answers column.

Column I	Column II	Answers
A. distribution of net income statement	1. A business in which two or more persons combine their assets and skills. (p. 722)	1. _____
B. liquidation of a partnership	2. Each member of a partnership. (p. 722)	2. _____
C. owners' equity statement	3. A written agreement setting forth the conditions under which a partnership is to operate. (p. 722)	3. _____
D. partner	4. A partnership financial statement showing net income or loss distribution to partners. (p. 728)	4. _____
E. partnership	5. A financial statement that summarizes the changes in owners' equity during a fiscal period. (p. 730)	5. _____
F. partnership agreement	6. The process of paying a partnership's liabilities and distributing remaining assets to the partners. (p. 735)	6. _____
G. realization	7. Cash received from the sale of assets during liquidation of a partnership. (p. 735)	7. _____

Part Two—Identifying Accounting Concept and Practices

Directions: Place a *T* for True or an *F* for False in the Answers column to show whether each of the following statements is true or false.

Answers

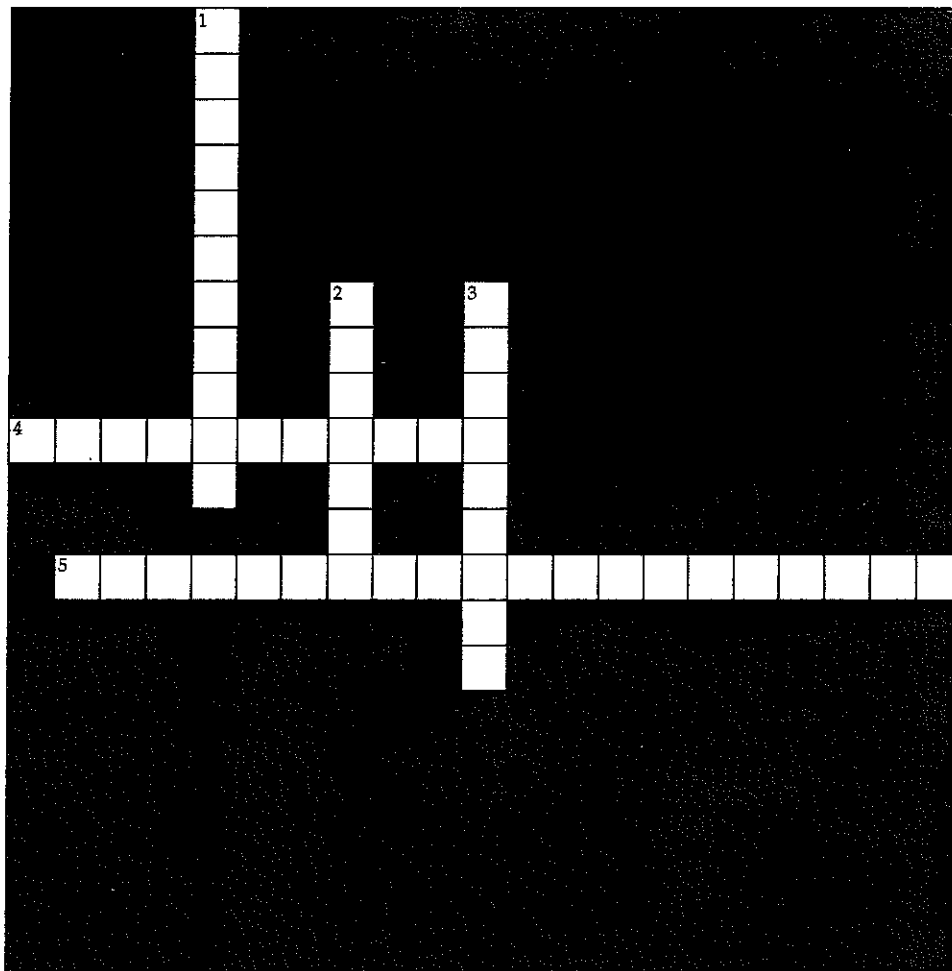
1. In a partnership, it is necessary to separate reports and financial records of the business from the personal records of the partners. (p. 722) 1. _____
2. During a fiscal period, partners may take assets out of the partnership in anticipation of the net income for the period. (p. 725) 2. _____
3. Withdrawals increase the amount of a business's capital. (p. 725) 3. _____
4. The drawing accounts have normal debit balances. (p. 725) 4. _____
5. A partnership's net income or net loss may be divided unequally between the partners. (p. 728) 5. _____
6. The owners' equity statement enables business owners to determine if owners' equity is increasing or decreasing and what is causing the change. (p. 730) 6. _____
7. When a partnership goes out of business, any remaining cash is distributed to the partners according to each partner's total equity. (p. 735) 7. _____
8. Noncash assets cannot be sold for less than the recorded book value. (p. 737) 8. _____
9. The Loss on Realization account is usually included in the Other Expenses section of the chart of accounts. (p. 737) 9. _____
10. The distribution for loss or gain on realization is based on the method of distributing net income or net loss as stated in the partnership agreement. (p. 738) 10. _____
11. If there is a gain on realization, each partner's capital account is debited for the partner's share of the gain. (p. 739) 11. _____

Part Three—Analyzing Partnership Transactions

Directions: Determine in which journal each of the transactions is to be recorded. Analyze each of the following entries into debit and credit parts. Print letters (A through K) in the proper Answers columns identifying the accounts to be debited and credited.

G—General Journal; CP—Cash Payments Journal; CR—Cash Receipts Journal

Account Titles	Transactions	Answers		
		Journal	Debit	Credit
A. Accounts Payable	1–2–3. Partners Katlyn Chuka and Dennis Rosecrans each contribute cash and office equipment to the partnership. (p. 724)	1. _____	2. _____	3. _____
B. Accumulated Depreciation—Office Equipment	4–5–6. Dennis Rosecrans withdraws cash from the business for personal use. (p. 725)	4. _____	5. _____	6. _____
C. Cash	7–8–9. Katlyn Chuka withdraws supplies for personal use. (p. 726)	7. _____	8. _____	9. _____
D. Dennis Rosecrans, Capital	10–11–12. The partnership is liquidated, and the office equipment, costing \$16,000 and having a book value of \$10,000, is sold for \$11,250. (p. 736)	10. _____	11. _____	12. _____
E. Dennis Rosecrans, Drawing	13–14–15. The partnership is liquidated, and the supplies valued at \$400.00 are sold for \$325.00. (p. 737)	13. _____	14. _____	15. _____
F. Gain on Realization	16–17–18. The partnership is liquidated, and cash is paid to all creditors for the amounts owed. (p. 738)	16. _____	17. _____	18. _____
G. Katlyn Chuka, Capital	19–20–21. A gain on realization is distributed to the partners. (p. 739)	19. _____	20. _____	21. _____
H. Katlyn Chuka, Drawing	22–23–24. A loss on realization is distributed to the partners. (p. 739)	22. _____	23. _____	24. _____
I. Loss on Realization	25–26–27. After liquidation, the remaining cash is distributed to the partners. (p. 740)	25. _____	26. _____	27. _____
J. Office Equipment				
K. Purchases				
L. Supplies				



Across

- 4. Cash received from the sale of assets during liquidation of a partnership.
- 5. A written agreement setting forth the conditions under which a partnership is to operate.

Down

- 1. A business in which two or more persons combine their assets and skills.
- 2. Each member of a partnership.
- 3. A right granted to an individual or business to sell the products or services of another, larger business within a defined geographical area.