

34 Lecture - MGT101

Important Subjective

- 1. What is the difference between a general partner and a limited partner in a partnership?**
Answer: A general partner has unlimited liability for the debts and obligations of the partnership, while a limited partner has limited liability and is only liable for the amount of their investment in the partnership.
- 2. What is the purpose of a statement of partners' equity in a partnership?**
Answer: The statement of partners' equity shows the changes in each partner's capital account over a specific period and helps the partners understand the changes in their ownership and the amount of income or losses they have contributed.
- 3. How is the net income or loss of a partnership allocated to the partners?**
Answer: The net income or loss of a partnership is allocated based on the partnership agreement, which outlines how the profits and losses are divided among the partners.
- 4. What is the difference between a current and long-term liability in a partnership's balance sheet?**
Answer: Current liabilities are debts that are due within one year, while long-term liabilities are debts that are due after one year. Examples of current liabilities include accounts payable, while long-term liabilities may include loans or mortgages.
- 5. What is the purpose of a cash flow statement in a partnership's financial statements?**
Answer: The cash flow statement shows the inflows and outflows of cash during a specific period, helping the partners understand the liquidity of the partnership and its ability to meet its financial obligations.
- 6. How is the ownership percentage of each partner determined in a partnership?**
Answer: The ownership percentage of each partner is determined by the partnership agreement, which outlines how the profits and losses are divided among the partners.
- 7. What is the difference between capital contributions and withdrawals in a partnership?**
Answer: Capital contributions are investments made by partners into the partnership, while withdrawals are the distribution of funds to the partners from the partnership's profits.
- 8. What is the purpose of a balance sheet in a partnership's financial statements?**
Answer: The balance sheet shows the partnership's assets, liabilities, and equity at a specific point in time, helping the partners understand the financial position of the partnership.
- 9. How are partner salaries typically determined in a partnership?**
Answer: Partner salaries are typically determined by the partnership agreement, which outlines how the partners will be compensated for their work in the partnership.
- 10. What is the difference between a partnership's gross income and net income?**
Answer: Gross income is the total revenue generated by the partnership, while net income is the amount of revenue left after deducting all expenses and losses.