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Subject	**Accounting**

ANSWER 1: First of all finding **Depreciation**

Cost of depreciable asset	75000
Estimated residual value	5000
Total amount to be depreciated	70000
Estimated useful life	5 years

Depreciation schedule

Straight line method with half year convention

Years	Computation	Depreciation Expense	Book Value
			75000
1st	$70000*1\5*1\2		
2nd	70000*1\5	14000	54000
3rd	70000*1\5	14000	40000
4th	70000*1\5	14000	26000
5th	70000*1\5	14000	12000
6th	70000*1\5*1\2	7000	5000
Total		70000	

Double Declining method depreciation rate

year	Book value	Depreciation	Depreciation expense	Accrued depreciation	Net value
31 Dec 2010	75000	40%	30000/2=	15000	60000
31 Dec 2011	60000	40%	240000	24000	5000

31 Dec 2012	36000	40%	14400	14400	7780
31 Dec 2013	21600	40%	8640	8640	12960
31 Dec2014	12960	40%	5184	5184	7780
31 July 2015	7780	40%	2780	2780	5000

Depreciation schedule : Marcs tax method			
Years	**computation**	**Depreciation expense**	**Basis**
1st	75000*20%		
2nd	75000*32%	15000	60000
3rd	75000*19.20%	24000	36000
4th	75000*11.52%	14400	21600
5th	75000*11.52%	8640	12960
6th	75000*5.76%	4320	4320
Total		75000	0

Question: 2 why we need adjusting entries? Define types of adjusting entries.

Answer: 2. At the end of the accounting period, some income and expenses may have not been recorded, taken up or updated; hence, there is a need to update the accounts. So adjusting entries are done to update those accounts to the actual current values. If adjusting entries are not done, it may lead to the overstatement or understatement of several asset, liability or equity accounts.

There are four types of adjusting entries:

1) Accrued expenses

2) Deferred revenues

3) Prepaid Expenses

4) Depreciation expenses

5) Accrued revenues : This can also be a part of adjusting entries because when once you produce incomes in one book keeping period, but don't recognize it until a afterward period, until a later period you would like to create a collected income alteration Except the above four types no other account will need an adjusting entry.

Definition of types of adjusting entries:-

It can be define in short terms like Accrued expenses are expenses that have been paid in advance, like paying your rent for six months all at one time. The thing is, you can't actually record the whole six months of rent as an 'expense' right away because the money really hasn't been spent yet. For instance, what if something happens three months into your lease which prevents you from renting the office, and the landlord has to return some of your money? Right now, that prepaid rent is actually an asset. costs that construct up over the bookkeeping period, but you do not pay for them until after you employ them, like utilities. Think almost your possess utility charge: all month long, you gather charges for the utilities you're utilizing, like warm, light, and water. You do not know how much your charge will be until after you get one from the utility company, so you can't indeed pay for the vitality you utilized until the conclusion of the month.

Question: 3.Distinguish among a general partnership, limited partnership and a limited liability partnership?

Answer: There are three type of partnership;

1) General partnership

2) Limited Partnership

3) Limited liability partnership

1) General partnership:

A general partnership is a business entity made of two or more partners with no limited time, who run or establish a business. In general partnership the business can finished any time .

Example: Four businessmen want to start a business but don't tell anything about the specific life range of the business or don't or telling anything about the end of a business or any project after starting the business

2) Limited partnership:

A limited Partnership is also a business entity made of two or more partners with a specific time who run or establish a business. In Limited partnership the partners will complete the time which is agreed by the partners, even if any one of the partner dies so any one from his family members will join the partnership and will maintain the same partnership.

3) **Limited liability partnership:**

A limited partnership is a type of partnership in which one individual in the whole firm takes the responsibilities of the whole firm among the other businessman. The other businessmen assets won't be in trouble except the one who take the responsibility.

Question:4 Distinguish between partnership and corporation?

PARTNERSHIP

One of the main difference is the capital, the capital in partnership is limited or less as compare to a corporation, incorporation the business is a separate entity and businessmen are separate entity . In corporation it's easy to get loan from the bank as compare to partnership because the corporation are more trust worthy as compare to the partnerships for a bank.

CORPORATION

The corporation is easy to expand and increase the capital in business, while for the partnership it's difficult to expend the firm. Partnership is made of two or more than two members, while a corporation has many shareholders. The liabilities are limited in the corporation while in partnership the liabilities are unlimited**.**