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## ANSWER NO 1:-

### 1) Depreciation Formula for the Straight Line Method:

Depreciation Expense = (Cost – Salvage value) / Useful life

Depreciation Expense = (\$75,000- \$5,000)/ 5

Depreciation Expense=\$70,000/5

Depreciation Expense= \$14,000

### 2) Double decline balance:-

Periodic Depreciation Expense = Beginning book value x Rate of depreciation

The beginning book value of the asset is filled in at the beginning of year 1 and the salvage value is filled in at the end of year 5.

The rate of depreciation (Rate) is calculated as follows:

Expense= (100% /5) 2



Expense=40%

Multiply the rate of depreciation by the beginning book value to determine the expense for that year.

Depreciation expense= (\$75,000)(40%)

Depreciation expense=\$30,000

### 3) MACRS:-

MACRS stands for modified accelerated cost recovery system.

Cost  $\times \frac{1}{\text{Useful Life}}$   $\times A \times \text{Depreciation Convention}$

A is 100% or 150% or 200%

In Depreciation convention we can also put rate of depreciation.

(\$75,000)(1/5)(100%)(40%)

Depreciation expense=\$6,000

### ANSWER No 2.

Adjusting entries are usually made on the last day of an accounting period (yearly, quarter, month), so that a company's financial statements comply with the accrued method of accounting.

There are four types of Adjusting Entries

### Deferals:

#### 1. Prepaid Expenses:

The expenses paid in cash and recorded as assets before they are used or consumed.



## 2.Un earned Revenues:

Revenues recorded in cash and recorded as liabilities before they are earned.

## Accruals:

### 3.Accrued Revenue:

Revenue earned but not yet recorded in cash or recorded.

### 4.Accrued Expenses:

The expenses incurred but not yet paid and cash or recorded.

## ANSWER 3.

### General partnership:

All partners have unlimited liability and are liable for all obligations of the partnership.

### Limited Partnership:

limited partners have liability limited to their contributions (investors) only.

### Limited liability partnerships:

At least one general partner is required and all general partners have unlimited liability.

## ANSWER NO 4.

### Partnership:

It is voluntary association of two or more persons who contributes money,time and skills to carry on business for profits and loss to be share in business



## Corporation or Joint stock:

A business form legally separate from its owners.

or

It is association of individual for profits having its capital divided into transferable ,share,the ownership of which is the condition of membership.

