



## **BBA 2<sup>nd</sup> Semester Sec-(B)**

SUBMITTED BY	Sardar wali
STUDENT ID	<b>16474</b>
SUBJECT	<b>Principal Of Accounting</b>
SUBMITTED TO	<b>Sir Quaid iqbal</b>
ASSIGNMENT TOPIC	
Final exam	
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**(30 Marks)**

**Q2:** Why we need adjusting entries? Define types of adjusting Entries. **(10 Marks)**

**ANSWER 02**

Adjusting entries are used for the better adjustment of the firm revenue and expenses, it's use so as to understand the precise revenue and expenses of a firm for a selected period of your time. in order that the expenses of 1 specific period are recorded within that period and doesn't effect the opposite period, in same miner the revenue of 1 period should be recorded with within that specific period and doesn't effect other periods. With relevancy when adjusting entries are made during the accounting cycle, they'll be made after the unadjusted balance and before the corporate prepares its financial statements, bringing the amounts within the book accounts to their proper balances.

Each entry incorporates a dual purpose 1) to form the profit-and-loss statement report the correct revenue or expense and 2) to make the record report the right asset or liability

Types of adjustment entries are Accruals. An accrual entry is that the most commonly-used entry. it's intended to record revenues or expenses that haven't yet been recorded through a regular accounting transaction. as an example, an organization is constrained by a contractual arrangement with a government customer to not bill for services work until the top of a contract period. within the interim, the corporate accrues revenue, so it can recognize some revenue from the contract, while the contractual period has not yet been completed. As another example, a corporation controller decides to accrue the expense related to a major delivery of products, and that no supplier invoice has yet arrived. The intent is to make sure that the value of the products is recorded within the financial statements for the amount during which the products arrived. Deferrals. A deferral entry is meant to defer the popularity of a revenue transaction that has not been earned, or an expense transaction that has not yet been consumed. The result is that the shifting of revenue or expense recognition to a future period. for instance, a customer pays before for a services contract which will be performed in equal instalments over the following four months. A deferral accounting entry will be wont to shift 3/4 of the payment into the subsequent three periods, after they are recognized. An estimation accounting entry is employed to regulate the balance in an exceedingly reserve, like the allowance for doubtful accounts or the reserve for inventory obsolescence. this can be worn out order to keep up adequate reserve levels that reasonably the reflect the quantity of losses from existing assets which will be expected in future periods

**Q3:** Distinguish among a general partnership, limited partnership and a limited liability partnership? **(5 Marks)**

**Answer (03)**

**Partnership:**

A partnership is comparable to a proprietorship, except there's over one owner. A partnership, sort of a proprietorship, pays no income taxes. Instead, individual partners include their share of profits or losses from the business as a component of their personal taxable income. One potential advantage of this business form is that, relative to a proprietorship, a greater amount of capital can often be raised. Quite one owner may now be providing personal capital, and lenders is additionally more agreeable to providing funds given an even bigger owner investment base.

**General partnership:**

In a general partnership all partners have unlimited liability; they're jointly answerable for the obligations of the partnership. Because each partner can bind the partnership with obligations, general partners should be selected with care. In most cases a correct arrangement, or partnership agreement, sets forth the powers of each partner, the distribution of profits, the amounts of capital to be invested by the partners, procedures for admitting new partners, and procedures for reconstituting the partnership within the case of the death or withdrawal of a partner. Legally, the partnership is dissolved if one all told the partners dies or withdraws. In such cases, settlements are invariably "sticky," and reconstitution of the partnership is also a difficult matter.

**Limited partnership:**

In a limited partnership, limited partners contribute capital and have liability confined to that amount of capital; they cannot lose quite they put in. There must, however, be at least one general partner within the partnership, whose liability is unlimited. Limited partners do not participate within the operation of the business; this could be left to the ultimate partner(s). The limited partners are strictly investors, which they share within the profits or losses of the partnership according to the terms of the partnership agreement. this type of arrangement is usually used in financing property ventures

**Q4:** Distinguish between partnership and corporation? **(5 Marks)**

**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 are 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.

**Q1:**

**Stright Line Defining Method**

$$= \frac{\text{Original Cost} - \text{Solvage value}}{\text{Useful life}}$$

$$= \frac{75000 - 5000}{5}$$

$$= 14000$$

Year	Original Cost	Dep Amount	Net Value
31 <sup>st</sup> Dec 2010	75000	$\frac{14000 \times 6}{12} = 7000$	68000
31 <sup>st</sup> Dec 2011	68000	14000	54000
31 <sup>st</sup> Dec 2012	54000	14000	40000
31 <sup>st</sup> Dec 2013	40000	14000	26000
31 <sup>st</sup> Dec 2014	26000	14000	12000
31 <sup>st</sup> Dec 2015	12000	$\frac{14000 \times 6}{12} = 7000$	5000

**Double defining method depression rate**

$$= \frac{100\%}{\text{Useful life}} \times 2$$

$$= \frac{100\%}{5} \times 2 = 40\%$$

Year	Book value	Dep Rate	Dep Exp	Acc/ Dep	Net Value
31 <sup>st</sup> Dec 2010	75000	40%	$\frac{30000}{2} = 15000$	15000	60000
31 <sup>st</sup> Dec 2011	60000	40%	24000	24000	36000
31 <sup>st</sup> Dec 2012	36000	40%	14400	14400	21600
31 <sup>st</sup> Dec 2013	21600	40%	8640	8640	12960
31 <sup>st</sup> Dec 2014	12960	40%	5184	5184	7780
31 <sup>st</sup> Dec 2015	7780	40%	2780	2780	5000

