

## 1. Accounting Cycle

The Accounting Cycle is the systematic process of recording, classifying, summarizing, and reporting business transactions **during an accounting period**.

## 2. Business Entity Concept

The Business Entity Concept states that the business is treated as a separate entity, distinct from its owner, for accounting purposes.

## 3. Accounting Standards

Accounting Standards are written rules and guidelines issued by accounting bodies to ensure uniformity, consistency, and comparability in financial statements.

## 4. Journal Proper

Journal Proper is a subsidiary book used to record transactions that cannot be recorded in any other special journal.

## 5. Gross Profit vs Net Profit

Gross Profit is the excess of Sales over Cost of Goods Sold. Net Profit is the excess of Gross Profit over all operating expenses.

## 6. Bank Reconciliation Statement – Meaning

A Bank Reconciliation Statement is a statement prepared to reconcile the balance as per Cash Book with the balance as per Pass Book.

## 7. Capital Account

The Capital Account represents the amount invested by the owner in the business and is treated as a Personal Account.

## 8. Drawings

Drawings refer to cash or goods withdrawn by the owner from the business for personal use.

## 9. Real Account – Definition

A Real Account is an account relating to assets of the business.

Rule: Debit what comes in, Credit what goes out.

## 10. Nominal Account – Examples

A Nominal Account relates to expenses and incomes of the business.

Examples: Salary Account, Rent Account, Interest Received Account.

## 1. What is Bank Reconciliation Statement (BRS)?

A Bank Reconciliation Statement is a statement prepared to reconcile the balance as per Cash Book with the balance as per Pass Book on a particular date.

## 2. What is Book Keeping? (Proper Definition)

Book Keeping is the systematic and permanent recording of financial transactions of a business in the books of accounts.

## 3. Define Accounting Standards

Accounting Standards are written rules and guidelines issued by accounting bodies to ensure uniformity, consistency, and comparability in accounting practices.

## 4. What is Cash Book?

A Cash Book is a book of original entry in which all cash receipts and cash payments are recorded in chronological order.

## 5. What is Trading Account?

A Trading Account is prepared to calculate the Gross Profit or Gross Loss of a business for a particular accounting period.

## Sec B

### 1. Rules of Debit and Credit (Golden Rules of Accounting)

#### Introduction

Accounting transactions are recorded under the Double Entry System, which is based on the Rules of Debit and Credit, commonly known as the Golden Rules of Accounting. These rules help in identifying the debit and credit aspects of every transaction.

#### Classification of Accounts

Accounts are classified into three types:

##### 1. Personal Account

Personal accounts relate to persons, natural or artificial.

##### Rule:

Debit the Receiver

Credit the Giver

##### Examples:

Ram's Account, Capital Account, Bank Account

##### 2. Real Account

Real accounts relate to assets of the business.

##### Rule:

Debit what comes in

Credit what goes out

##### Examples:

Cash Account, Furniture Account, Machinery Account

##### 3. Nominal Account

Nominal accounts relate to expenses, losses, incomes, and gains.

##### Rule:

Debit all Expenses and Losses

Credit all Incomes and Gains

##### Examples:

Salary Account, Rent Account, Interest Received Account

#### Importance of Golden Rules

• Helps in recording correct journal entries

• Forms the basis of ledger posting

• Ensures accuracy under double entry system

#### Conclusion

Thus, the Golden Rules of Accounting provide a systematic and scientific method for recording business transactions.

## 5. Difference between Book Keeping and Accounting

Basis	Bookkeeping	Accounting
Meaning	Recording of transactions	Analysis and interpretation
Nature	Mechanical	Analytical
Stage	Primary stage	Secondary stage
Skill required	Clerical skill	Accounting knowledge
Objective	Record transactions	Determine profit and position

## 9. What is Accounting Equation?

The Accounting Equation states that Assets = Capital + Liabilities.

## 10. Name any two errors disclosed by Trial Balance

- Error of casting
- Error of posting

## 1. What is Voucher?

A Voucher is a written document that provides evidence of a business transaction and supports the recording of entries in the books of accounts.

## 2. What is Accounting Period Concept?

The Accounting Period Concept states that the life of a business is divided into equal time periods for the purpose of preparing financial statements.

## 3. Define Going Concern Concept

The Going Concern Concept assumes that the business will continue to operate for a long period and will not be liquidated in the near future.

## 4. What is Matching Concept?

The Matching Concept states that expenses incurred

should be matched with the revenues earned during the same accounting period.

## 5. What is Consistency Concept?

The Consistency Concept states that the same accounting methods and principles should be followed consistently from one accounting period to another.

## 6. Define Revenue Expenditure

Revenue Expenditure refers to expenses incurred for the day-to-day operations of a business, the benefit of which is consumed within one accounting period.

## 7. What is Outstanding Expenses?

Outstanding Expenses are expenses that have been incurred but not yet paid during the accounting period.

## 8. What is Prepaid Expense?

A Prepaid Expense is an expense paid in advance, the benefit of which will be received in a future accounting period.

## 9. Define Income

Income refers to the revenue earned by a business from its normal operating activities during an accounting period.

## 10. What is Expense?

An Expense is the cost incurred by a business to earn income during an accounting period.

## 6. Define Purchase Account

A Purchase Account records the total value of goods purchased by a business for resale during an accounting period.

## 7. Define Sales Return

Sales Return refers to goods returned by customers to the business due to defects, damage, or other reasons.

## 8. What is Depreciation?

Depreciation is the gradual decrease in the value of a fixed asset due to use, wear and tear, or passage of time.

## 3. Accounting Standards – Objectives and Need

### Introduction

Accounting Standards are authoritative guidelines issued to regulate accounting practices and presentation of financial statements.

### Objectives of Accounting Standards

- To ensure uniformity in accounting methods
- To improve comparability of financial statements
- To enhance reliability and transparency
- To reduce manipulation of accounts
- To provide true and fair view of financial position

### Need for Accounting Standards

- Different accounting methods create confusion
- To maintain consistency in financial reporting
- To protect interests of investors and creditors
- To improve credibility of financial statements

### Conclusion

Hence, Accounting Standards play a vital role in improving the quality of accounting information.

## Rules of Debit and Credit (Golden Rules)

### Introduction

The Rules of Debit and Credit, also called Golden Rules of Accounting, are used to identify debit and credit aspects of every transaction under the double entry system.

### Classification of Accounts and Rules

#### 1. Personal Account

Personal accounts relate to persons, including individuals, firms, and banks.

Rule: Debit the receiver and credit the giver.

This rule focuses on identifying who receives and who gives value in a transaction.

#### 2. Real Account

Real accounts relate to assets owned by the business.

Rule: Debit what comes in and credit what goes out. This rule helps in recording movement of assets correctly.

#### 3. Nominal Account

Nominal accounts relate to expenses, losses, incomes, and gains.

Rule: Debit all expenses and losses, credit all incomes and gains.

This rule helps in determining profit or loss.

### Importance of Golden Rules

They ensure systematic recording of transactions, form the basis of journal entries, and help maintain accuracy in accounting records.

### Conclusion

Hence, the Golden Rules provide a scientific and reliable method of recording business transactions.

## Bank Reconciliation Statement – Causes of Difference

### Introduction

A Bank Reconciliation Statement is prepared to reconcile the balance shown by the Cash Book with the balance shown by the Pass Book.

## 1. Cheques Issued but Not Presented

Cheques issued by the business may not be presented to the bank immediately. Hence, the Cash Book shows a reduced balance, while the Pass Book does not.

## 2. Cheques Deposited but Not Credited

Cheques deposited into the bank may take time for clearance. Till clearance, the Cash Book shows the amount, but the Pass Book does not.

## 3. Bank Charges

Banks may deduct charges directly from the account. These are recorded in the Pass Book first and later updated in the Cash Book.

## 4. Interest Credited by Bank

Banks may credit interest without prior intimation. This causes difference until it is recorded in the Cash Book.

## 5. Direct Deposits by Customers

Sometimes customers deposit money directly into the bank account. Such entries appear in the Pass Book but not in the Cash Book initially.

### Conclusion

Thus, BRS explains differences and ensures accuracy of bank balances.

## Limitations of Accounting

### Introduction

Although accounting provides useful financial information, it suffers from certain limitations.

## 1. Ignores Qualitative Factors

Accounting records only monetary information and ignores factors like employee morale and efficiency.

## 2. Historical Cost Basis

Assets are recorded at original cost, not current market value, which may mislead users.

## 3. Personal Judgement

Accounting involves estimates such as depreciation, which depend on personal judgement.

## 4. Effect of Inflation

Inflation reduces the real value of money, but accounting does not adjust figures accordingly.

## 5. Possibility of Manipulation

Accounting figures can be manipulated through window dressing.

### Conclusion

Hence, accounting information should be interpreted carefully.

## 10. Accounting Standards in India – Role of ICAI

### Introduction

In India, Accounting Standards are issued by the Institute of Chartered Accountants of India (ICAI).

## Role of ICAI

- Formulates Accounting Standards
- Ensures uniform accounting practices
- Improves quality of financial reporting
- Protects interests of stakeholders

### Conclusion

Thus, ICAI plays a significant role in regulating accounting standards in India.

### Introduction

Accounting concepts are fundamental assumptions on which the entire accounting system is based. They ensure uniformity, consistency, and reliability in financial statements.

## 1. Business Entity Concept

This concept states that the business is treated as a separate entity distinct from its owner.

Therefore, personal transactions of the owner are not recorded in the business books.

For example, money invested by the owner is treated as capital, not income.

## 2. Going Concern Concept

According to this concept, it is assumed that the business will continue to operate for a long period.

Because of this assumption, assets are recorded at historical cost and not at market value.

Depreciation is charged assuming long-term use of assets.

## 3. Accounting Period Concept

The life of a business is divided into equal time periods such as one year or six months.

This helps in determining profit or loss for a specific period instead of waiting till closure of business.

It enables periodic performance evaluation.

## 4. Matching Concept

This concept states that expenses should be matched with the revenue earned in the same accounting period.

Only those expenses related to current income are charged to that period.

This ensures correct calculation of profit.

## 5. Consistency Concept

According to this concept, the same accounting methods should be followed year after year.

Consistency allows comparison of financial statements over different periods.

Frequent changes reduce reliability and comparability.

### Conclusion

Thus, accounting concepts provide a logical and uniform base for preparing financial statements.

## 2. Explain the Matching Concept

### Introduction

The Matching Concept states that expenses should be matched with the revenue earned during the same accounting period.

### Explanation

## 1. Correct Profit Calculation

Only expenses related to current income are charged in the same period to determine true profit or loss.

## 2. Accrual Basis

Expenses are recorded when they are incurred and not when they are paid, so that they match with the related revenue.

## 3. Avoids Overstatement or Understatement

This concept prevents distortion of profit due to mismatch of expenses and income.

## 4. Conceptual Example

Salary expense for the current year is charged to the same year's revenue even if it is unpaid.

### Conclusion

Hence, the Matching Concept ensures accurate measurement of profit.

## 3. Explain the Objectives of Accounting

### Introduction

Accounting is the systematic process of recording and analyzing financial transactions to provide useful information.

### Objectives

## 1. Systematic Recording of Transactions

Accounting records transactions in an orderly manner to avoid omissions and duplication.

## 2. Ascertainment of Profit or Loss

It helps determine whether the business has earned profit or suffered loss during a particular period.

## 3. Determination of Financial Position

Accounting shows assets, liabilities, and capital to assess the financial strength of the business.

## 4. Providing Information to Users

It supplies financial information to owners, creditors, investors, and government authorities.

## 5. Legal Compliance

Accounting helps businesses comply with tax laws and other legal requirements.

### Conclusion

Thus, accounting fulfills both internal and external information needs.

<p><b>4. Explain the Functions of Accounting</b></p> <p><b>Introduction</b> Accounting performs several functions to support business operations and decision-making.</p> <p><b>Functions</b></p> <ol style="list-style-type: none"> <li><b>1. Recording</b> All financial transactions are recorded systematically in the books of accounts.</li> <li><b>2. Classifying</b> Recorded transactions are grouped into relevant accounts to facilitate analysis.</li> <li><b>3. Summarizing</b> Accounting summarizes large volumes of data into financial statements.</li> <li><b>4. Interpreting</b> Financial results are analyzed to understand the performance of the business.</li> <li><b>5. Communicating</b> Accounting communicates financial information to various stakeholders.</li> </ol> <p><b>Conclusion</b> Accounting acts as the language of business.</p> <p><b>5. Explain the Need for Accounting Standards</b></p> <p><b>Introduction</b> Accounting Standards are written guidelines issued to standardize accounting practices.</p> <p><b>Need</b></p> <ol style="list-style-type: none"> <li><b>1. Uniformity in Accounting</b> Standards ensure that all businesses follow similar accounting methods.</li> <li><b>2. Comparability</b> They make financial statements of different firms comparable.</li> <li><b>3. Reliability of Information</b> Accounting Standards improve the accuracy and trustworthiness of financial data.</li> <li><b>4. Prevention of Manipulation</b> They restrict arbitrary treatment of transactions and reduce manipulation.</li> <li><b>5. True and Fair View</b> Standards ensure that financial statements present the true financial position.</li> </ol> <p><b>Conclusion</b> Therefore, Accounting Standards are essential for credible financial reporting.</p>	<p><b>1. Explain Accounting Concepts and Conventions in Detail</b></p> <p><b>Introduction</b> Accounting Concepts and Conventions are basic principles and guidelines that ensure uniformity, consistency, and reliability in accounting and preparation of financial statements.</p> <p><b>A. Accounting Concepts</b></p> <p><b>Business Entity Concept</b> This concept treats the business as a separate entity distinct from its owner. Owner's personal transactions are not recorded in business books, ensuring accurate measurement of business profit.</p> <p><b>Going Concern Concept</b> It assumes that the business will continue operations for a long period. Due to this, assets are valued at historical cost and depreciation is charged over their useful life.</p> <p><b>Accounting Period Concept</b> The life of a business is divided into equal periods, usually one year. This helps in periodic determination of profit or loss and evaluation of performance.</p> <p><b>Matching Concept</b> Expenses incurred during an accounting period are matched with revenues of the same period. This ensures correct and fair calculation of profit.</p> <p><b>B. Accounting Conventions</b></p> <p><b>Convention of Conservatism</b> Anticipated losses are recorded, but anticipated profits are ignored. This prevents overstatement of income and assets.</p> <p><b>Convention of Consistency</b> Accounting methods once adopted should be followed consistently. This helps in comparison of financial statements over different periods.</p> <p><b>Convention of Materiality</b> Only material items that influence decision-making are recorded separately. Insignificant items may be grouped together.</p> <p><b>Conclusion</b> Thus, accounting concepts and conventions ensure true and fair presentation of financial statements.</p>	<p><b>5. Explain Need and Importance of Accounting Standards in India</b></p> <p><b>Introduction</b> Accounting Standards are authoritative guidelines issued to standardize accounting practices. In India, they are issued by the Institute of Chartered Accountants of India (ICAI).</p> <p><b>Need for Accounting Standards</b></p> <p><b>Uniformity</b> They ensure all organizations follow similar accounting methods.</p> <p><b>Comparability</b> Financial statements of different companies can be compared.</p> <p><b>Prevention of Manipulation</b> They restrict arbitrary accounting practices.</p> <p><b>Importance</b></p> <p><b>True and Fair View</b> Standards ensure correct representation of financial position.</p> <p><b>Protection of Stakeholders</b> Investors and creditors rely on standardized information.</p> <p><b>Conclusion</b> Thus, Accounting Standards improve credibility and reliability of financial reporting in India.</p> <p><b>6. Explain Advantages and Limitations of Computerized Accounting</b></p> <p><b>Introduction</b> Computerized accounting uses computers and accounting software to record and process transactions.</p> <p><b>Advantages</b></p> <p><b>Speed and Accuracy</b> Transactions are processed quickly with minimum errors.</p> <p><b>Large Data Storage</b> Huge volumes of data can be stored and retrieved easily.</p> <p><b>Timely Reporting</b> Financial statements can be generated instantly.</p> <p><b>Limitations</b></p> <p><b>High Initial Cost</b> Cost of software, hardware, and training is high.</p> <p><b>Technical Dependence</b> Requires skilled personnel and technical knowledge.</p> <p><b>Risk of Data Loss</b> System failures or cyber threats may cause data loss.</p> <p><b>Conclusion</b> Computerized accounting is efficient but requires proper controls.</p>	<p><b>1. Explain the Going Concern Concept</b></p> <p><b>Introduction</b> The Going Concern Concept assumes that a business will continue to operate for a long period and will not be closed in the near future.</p> <p><b>Explanation</b></p> <ol style="list-style-type: none"> <li><b>1. Continuity of Business</b> Accounting assumes that business activities will continue normally, which allows management to plan long-term operations and investments without fear of immediate closure.</li> <li><b>2. Valuation of Assets</b> Assets are recorded at historical cost and not at market value because they are meant for continuous use in business, not for immediate sale.</li> <li><b>3. Charging of Depreciation</b> Depreciation is charged over the useful life of assets based on the assumption that assets will be used for several years.</li> <li><b>4. Deferred Expenses</b> Certain expenses are spread over several years since the business is expected to earn benefits in future periods.</li> </ol> <p><b>Conclusion</b> Thus, the Going Concern Concept ensures realistic valuation and meaningful financial statements.</p> <p><b>9. Computerized Accounting System – Features, Merits and Limitations</b></p> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>• Automation of accounting process</li> <li>• High speed and accuracy</li> <li>• Real-time processing</li> </ul> <p><b>Merits</b></p> <ul style="list-style-type: none"> <li>• Saves time and labour</li> <li>• Reduces clerical errors</li> <li>• Easy storage and retrieval</li> </ul> <p><b>Limitations</b></p> <ul style="list-style-type: none"> <li>• High installation cost</li> <li>• Needs technical knowledge</li> <li>• Risk of data loss</li> </ul> <p><b>4. Statement of Affairs</b></p> <p><b>Introduction</b> A Statement of Affairs is prepared under the Single Entry System to ascertain the financial position of a business.</p> <p><b>Features of Statement of Affairs</b></p> <ul style="list-style-type: none"> <li>• Similar to Balance Sheet</li> <li>• Prepared on a specific date</li> <li>• Shows assets and liabilities</li> </ul> <p><b>Purpose</b></p> <ol style="list-style-type: none"> <li>1. To ascertain capital</li> <li>2. To calculate profit or loss</li> <li>3. To know financial position</li> </ol> <p><b>Limitations</b></p> <ul style="list-style-type: none"> <li>• Based on incomplete records</li> <li>• Does not show true financial position</li> <li>• Results are approximate</li> </ul> <p><b>Conclusion</b> Thus, Statement of Affairs provides only an approximate view of financial position.</p>																																
<p><b>7. Explain the Difference between Capital and Revenue Expenditure</b></p> <p><b>Capital Expenditure</b> Capital expenditure is incurred to acquire fixed assets or increase the earning capacity of the business. Its benefit extends over several accounting periods.</p> <p><b>Revenue Expenditure</b> Revenue expenditure is incurred for day-to-day business operations and benefits only the current accounting period.</p> <table border="1" data-bbox="389 887 389 1448"> <thead> <tr> <th>Basis</th> <th>Capital Expenditure</th> <th>Revenue Expenditure</th> </tr> </thead> <tbody> <tr> <td>Nature</td> <td>Long-term benefit</td> <td>Short-term benefit</td> </tr> <tr> <td>Purpose</td> <td>Asset acquisition</td> <td>Daily operations</td> </tr> <tr> <td>Treatment</td> <td>Capitalized</td> <td>Charged to profit</td> </tr> </tbody> </table> <p><b>8. Explain the Limitations of Single Entry System</b></p> <p><b>Introduction</b> Single Entry System records only one aspect of transactions and is incomplete.</p> <p><b>Limitations</b></p> <ol style="list-style-type: none"> <li><b>1. Incomplete Records</b> Not all accounts are maintained, resulting in missing information.</li> <li><b>2. Inaccurate Profit</b> Profit calculated under this system is approximate and unreliable.</li> <li><b>3. No Trial Balance</b> Arithmetical accuracy cannot be verified due to absence of Trial Balance.</li> <li><b>4. Difficulty in Detecting Errors</b> Errors remain undiscovered because double entry is not followed.</li> <li><b>5. Not Suitable for Large Business</b> The system lacks reliability for large-scale business decisions.</li> </ol> <p><b>Conclusion</b> Hence, the Single-Entry System is not scientifically accepted.</p>	Basis	Capital Expenditure	Revenue Expenditure	Nature	Long-term benefit	Short-term benefit	Purpose	Asset acquisition	Daily operations	Treatment	Capitalized	Charged to profit	<p><b>3. Explain Types of Errors in Accounting with Examples</b></p> <p><b>Introduction</b> Errors in accounting are unintentional mistakes committed while recording or posting transactions.</p> <p><b>Types of Errors</b></p> <p><b>Error of Omission</b> Occurs when a transaction is wholly or partially omitted from books. Example: Purchase not recorded in the Purchase Book.</p> <p><b>Error of Commission</b> Occurs due to wrong posting or wrong amount. Example: Posting ₹500 as ₹50.</p> <p><b>Error of Principle</b> Occurs when accounting principles are violated. Example: Treating capital expenditure as revenue expenditure.</p> <p><b>Compensating Errors</b> Errors that cancel each other's effect. Example: Overcasting in one account and undercasting in another.</p> <p><b>Conclusion</b> Errors affect accuracy and must be identified and rectified promptly.</p> <p><b>4. Explain Capital and Revenue Receipts with Examples</b></p> <p><b>Capital Receipts</b> Capital receipts are amounts received that increase capital or liabilities. They are non-recurring and affect long-term financial position.</p> <p><b>Examples:</b> Capital introduced by owner Loan received</p> <p><b>Revenue Receipts</b> Revenue receipts are amounts received from normal business operations. They are recurring and affect profit or loss.</p> <p><b>Examples:</b> Cash sales Commission received</p> <p><b>Conclusion</b> Thus, capital receipts affect financial position, while revenue receipts affect profitability.</p>	<p><b>7. Explain Difference between Single Entry and Double Entry System</b></p> <p><b>Introduction</b> Single Entry and Double Entry are two systems of recording business transactions.</p> <table border="1" data-bbox="1584 887 1584 1448"> <thead> <tr> <th>Basis</th> <th>Single Entry System</th> <th>Double Entry System</th> </tr> </thead> <tbody> <tr> <td>Nature</td> <td>Incomplete system</td> <td>Complete system</td> </tr> <tr> <td>Recording</td> <td>One aspect</td> <td>Two aspects</td> </tr> <tr> <td>Accuracy</td> <td>Low</td> <td>High</td> </tr> <tr> <td>Trial Balance</td> <td>Not prepared</td> <td>Prepared</td> </tr> <tr> <td>Profit</td> <td>Approximate</td> <td>Accurate</td> </tr> <tr> <td>Reliability</td> <td>Less reliable</td> <td>Highly reliable</td> </tr> </tbody> </table> <p><b>Conclusion</b> Double Entry System is scientific and universally accepted, while Single Entry System is limited.</p> <p><b>2. Explain the Objectives and Importance of Accounting</b></p> <p><b>Introduction</b> Accounting is the systematic process of recording, classifying, and interpreting financial transactions.</p> <p><b>Objectives of Accounting</b></p> <p><b>Systematic Recording of Transactions</b> Accounting ensures transactions are recorded in a structured manner to avoid errors and omissions.</p> <p><b>Ascertainment of Profit or Loss</b> It helps determine business profitability during a specific accounting period.</p> <p><b>Determination of Financial Position</b> Accounting shows assets, liabilities, and capital to assess financial strength.</p> <p><b>Importance of Accounting</b></p> <p><b>Useful for Decision Making</b> Accounting information supports managerial planning and control.</p> <p><b>Helps Creditors and Investors</b> They assess solvency and profitability before lending or investing.</p> <p><b>Legal Compliance</b> Accounting records are required for taxation and statutory purposes.</p> <p><b>Conclusion</b> Therefore, accounting is essential for effective management and business growth.</p> <p><b>6. Explain the Advantages of Trial Balance</b></p> <p><b>Introduction</b> Trial Balance is a statement of debit and credit balances prepared on a particular date.</p> <p><b>Advantages</b></p> <ol style="list-style-type: none"> <li><b>1. Checks Arithmetical Accuracy</b> Equal totals indicate correctness of postings and calculations.</li> <li><b>2. Helps in Final Accounts</b> Trial Balance serves as the base for preparing final accounts.</li> <li><b>3. Locates Errors</b> Differences in totals highlight possible accounting mistakes.</li> <li><b>4. Summary of Accounts</b> It provides a concise summary of all ledger balances.</li> </ol> <p><b>Conclusion</b> Trial Balance is a useful tool but not a conclusive proof of accuracy.</p>	Basis	Single Entry System	Double Entry System	Nature	Incomplete system	Complete system	Recording	One aspect	Two aspects	Accuracy	Low	High	Trial Balance	Not prepared	Prepared	Profit	Approximate	Accurate	Reliability	Less reliable	Highly reliable
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