Difference between bookkeeping and accounting

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| **Bookkeeping** | **Accounting** |
| Bookkeeping is a foundation/base of accounting. | Accounting uses the information provided by bookkeeping to prepare financial reports and statements. |
| Bookkeeping is one segment of the whole accounting system. | Accounting starts where the bookkeeping ends and has a broader scope than bookkeeping. |
| The result of the bookkeeping process is providing input for accounting. | The result of accounting is preparing financial statements for making informed decisions and judgments. |
| The purpose of bookkeeping is to maintain a systematic record of financial activities and transactions chronologically. | The purpose of accounting is to report the financial strength and obtain the results of the operating activity of a business. |
| The objective of bookkeeping is to summarise the effect of all financial transactions of a business for a given period. | The objective of accounting is to interpret and analyse financial information for informed decisions. |
| The person responsible for bookkeeping is called a bookkeeper. | The person responsible for accounting is called an accountant. |
| Bookkeeping is clerical in nature. The bookkeepers do not require any special knowledge or skill. | Accounting requires the skills of an accountant and knowledge of various accounting practices and policies. |
| The financial statements are not a part of the bookkeeping process. | The financial reports and statements are prepared under the accounting process. |
| The bookkeeping process is in accordance with the accounting conventions and concepts. | Accounting procedures and methods for interpreting and analysing financial reports can vary from one entity to another. |

Difference between financial and managerial accounting

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| **Financial Accounting** | **Managerial Accounting** |
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| Financial accounting reports are consumed by public stakeholders. | Managerial accounting information is for internal purposes. |
| Focuses mostly on offering information on those outside the organization. | Heavily focused on providing information to persons inside the organization. |
| Financial accounting heavily used by public regulators, creditors and shareholders. | Managerial accounting information is confidential and used largely by managers only inside the company. |
| Financial accountancy data, information and analyses reports are historical in nature. | Managerial accounting information is heavily forward-looking. |
| Financial accounting reports and other material are case based. | Information for managerial accounting is based on model and abstract to some level in support of decision making. |
| Information in financial accounting computation follows the general accepted financial accounting norms and standards. | Information for managerial accounting computation is guided by the managerial needs identified within a specific company. |
| Financial accounting is encompassing, focusing on the entire organization. | Managerial accounting is specific offering detailed and divided information on diverse things such as tasks, department, operations, specific activities, sales, products. |
| Financial accountancy is legally required and expected by law. | Managerial accounting is not required by any law or norm. |
| Financial accounting reports are derived after a set period of time such as a fiscal year or quarter for those outside the company. | On the other hand managerial accounting reports could be provided to cover any specific period such as a day, month, week or month. |
| Financial accounting reports are predictively valuable and historically factual to help those wishing to invest or get involved with the organization to make better financial decisions. | Managerial accounting specifically deals with confidential material and exclusively for a company's top management to make critical decision. |
| Reports in financial accounting are of the entire results of the business. | Managerial accounting reports are usually detailed and poignant and can be for geographic area, customer, product, service among others. |
| Financial accounting largely looks at reports particularly to show company's profitability and efficiency. | Managerial accounting offers reports on areas of weaknesses and problems and how they should be fixed to the concerned management. |
| Financial accounting requires reports to be maintained with acute precision so that their accuracy is not in question. | Managerial accounting works with estimations and hardly on precise, verifiable or proven details or facts. |
| Financial accounting mostly ends with financial statements preparation and distributed externally and internally. | Managerial accounting usually concerns itself with creating operational based reports and distributed to the management inside the company. |
| Financial accounting largely concerned on the results or outcome and not the overall company system of operations. | Managerial accounting definitely interested on the bottlenecks and where they manifest in operations and fixing them to enhance profits. |

