



Q9. Distinguish between debtors and creditors.

Answer:

Basis of difference	Debtors	Creditors
Meaning	Persons or organisations that are liable to pay money to a firm are called debtors.	Persons or organisations to whom the firm is liable to pay money are called creditors.
Nature	They have debit balance to the firm.	They have credit balance to the firm.
Payment	Payments are received from them.	Payments are made to them.
Shown	They are shown as assets in the Balance sheet under Current Assets.	They are shown as liabilities in the Balance Sheet under Current Liabilities.

Q10. 'Accounting information should be comparable'. Do you agree with this statement? Give two reasons.

Answer : Accounting information should be comparable because of the following reasons.

1. Comparable accounting information helps in inter-firm comparisons. This helps in assessing viability and advantages of various policies adopted by different firms.
2. It also helps in intra-firm comparisons that help in determining the changes and also to ascertain the results of various policies and plans adopted in different time periods. This also helps to figure out the errors, ascertain growth and assist in management planning.

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