

DIFFERENCE BETWEEN QUESTIONS XII STD ACCOUNTANCY

DIFFERENCES BETWEEN DOUBLE ENTRY SYSTEM AND INCOMPLETE RECORDS

SL.NO	Basis of distinction	Double entry system	Incomplete records
1.	Recording of transactions	Both debit and credit aspects of all the transactions are recorded.	Debit and credit aspects of all the transactions are not recorded completely. For some transactions both aspects are entered, some transactions are partially recorded and some transactions are omitted to be entered.
2.	Type of accounts maintained	Personal, real and nominal accounts are maintained fully.	In general, only personal and cash accounts are maintained fully. Real and nominal accounts are not maintained fully.
3.	Suitability	It is suitable for all types of organisations.	It may be suitable for small sized sole traders and partnership firms.
4.	Reliability	It is reliable since it is a scientific system of accounting and is based on certain accounting principles.	It is not reliable since it is unscientific.
5.	Acceptability	Accounting records are acceptable to all users including tax authorities and financial institutions.	Accounting records may not be acceptable to all users.

DIFFERENCE BETWEEN QUESTIONS XII STD ACCOUNTANCY

DIFFERENCES BETWEEN STATEMENT OF AFFAIRS AND BALANCE SHEET

SL.NO	Basis of distinction	Statement of affairs	Balance sheet
1.	Objective	Statement of affairs is generally prepared to find out the capital of the business.	Balance sheet is prepared to ascertain the financial position of the business.
2.	Accounting system	Statement of affairs is prepared when double entry system is not strictly followed.	Balance sheet is prepared when accounts are maintained under double entry system.
3.	Basis of preparation	It is not fully based on ledger balances. Where ever possible ledger balances are taken. Some items are taken from some source documents and some items are mere estimates.	It is prepared exclusively on the basis of ledger balances.
4.	Reliability	It is not reliable as it is based on incomplete records.	It is reliable as it is prepared under double entry system.
5.	Missing items	It is difficult to trace the items omitted as complete records are not maintained.	Since both the aspects of all transactions are duly recorded, items omitted can be traced easily.

DIFFERENCE BETWEEN QUESTIONS XII STD ACCOUNTANCY

DIFFERENCES BETWEEN RECEIPTS AND PAYMENTS ACCOUNT AND INCOME AND EXPENDITURE ACCOUNT

SL.NO	Basis of distinction	Receipts and Payments method	Income and expenditure account
1.	Purpose	It is prepared to know the cash receipts and cash payments.	It is prepared to know whether there is an excess of income over expenditure (surplus) or an excess of expenditure over income (deficit) during the current period.
2.	Nature of account	It is a real account. It is a summary of cash account. Cash receipts are recorded on the debit side and cash payments are recorded on the credit side.	It is a nominal account. It is similar to profit and loss account. Expenses are recorded on the debit side and incomes are recorded on the credit side.
3.	Basis of accounting	It is based on cash system of accounting. Non-cash items are not recorded.	It is based on accrual system of accounting. Non-cash items like outstanding expenses, depreciation, etc. are also recorded.
4.	Opening and closing balance	It commences with an opening balance of cash and bank and ends with closing balance of cash and bank.	There is no opening balance. It ends with surplus or deficit.
5.	Nature of items	It contains actual receipts and payments irrespective of revenue or capital items in nature.	It contains only revenue items, that is, only revenue expenses and revenue incomes.

DIFFERENCE BETWEEN QUESTIONS XII STD ACCOUNTANCY

DIFFERENCES BETWEEN FIXED CAPITAL METHOD AND FLUCTUATING CAPITAL

METHOD

SL.NO	Basis of distinction	Fixed capital method	Fluctuating capital method
1.	Number of accounts	Two accounts are maintained for each partner, that is, capital account and current account.	Only one account, that is, capital account is maintained for each partner.
2.	Change in capital	The amount of capital normally remains unchanged except when additional capital is introduced or capital is withdrawn permanently.	The amount of capital changes from period to period.
3.	Closing balance	Capital account always shows a credit balance. But, current account may show either debit or credit balance.	Capital account generally shows credit balance. It may also show a debit balance.
4.	Adjustments	All adjustments relating to interest on capital, interest on drawings, salary or commission, share of profit or loss are done in current account.	All adjustments relating to interest on capital, interest on drawings, salary or commission, share of profit or loss are done in the capital account.

DIFFERENCE BETWEEN QUESTIONS XII STD ACCOUNTANCY

DIFFERENCES BETWEEN THE SACRIFICING RATIO AND THE GAINING RATIO

SL.NO	Basis of distinction	Sacrificing ratio	Gaining ratio
1.	Meaning	It is the proportion of the profit which is sacrificed by the old partners in favour of a new partner.	It is the proportion of the profit which is gained by the continuing partners from the retiring partner.
2.	Purpose	It is calculated to determine the amount to be adjusted towards goodwill for the sacrificing partners.	It is calculated to determine the amount to be adjusted towards goodwill for the gaining partners.
3.	Time of calculation	It is calculated at the time of admission of a new partner.	It is calculated at the time of retirement of a partner.
4.	Method of calculation	It is the difference between the old ratio and the new ratio Sacrificing ratio = Old profit sharing ratio – New profit sharing ratio	It is the difference between the new ratio and the old ratio. Gaining ratio = New profit sharing ratio - Old profit sharing ratio

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NOTE:

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