




DOUBLE ENTRY SYSTEM Vs INCOMPLETE RECORDS

<i>Basis of distinction</i>	<i>Double Entry System</i>	<i>Incomplete Records</i>
<p>1. <u>Recording of transactions</u></p> 	Both debit and credit aspects are recorded.	Sometimes both aspects are recorded, sometimes only one aspect is recorded and sometimes both are omitted.
<p>2. <u>Type of accounts maintained</u></p> 	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.
<p>3. <u>Preparation of Trial Balance</u></p> 	Trial balance can be prepared to check the arithmetical accuracy of the entries made in the books of accounts.	It is difficult to prepare the trial balance to check arithmetic accuracy of entries made in the books of accounts as the accounts are incomplete.

4. Determination of true profit or loss



Trading and profit and loss account can be prepared to find out the true profit or loss.

Trading and profit and loss account cannot be prepared with accuracy as complete information is not available and hence profit or loss found out may not be accurate.

5. Determination of financial position



Balance sheet can be prepared to know the true financial position.



Balance sheet cannot be prepared with accuracy and true financial position cannot be ascertained, as the assets and liabilities are just estimates and incomplete.

6. Suitability



It is suitable for all types of organisations.

It may be suitable for small sized sole traders and partnership firms.

<p>7. <u>Reliability</u></p> 	<p>It is reliable since it is a scientific system of accounting and is based on certain accounting principles.</p>	<p>It is not reliable since it is unscientific.</p>
<p>8. <u>Acceptability</u></p> 	<p>Accounting records are acceptable to all users including tax authorities and financial institutions.</p>	<p>Accounting records may not be acceptable to all users.</p>