

## SUBJECT- FINANCIAL ACCOUNTING

### ACCOUNTING FOR INCOMPLETE RECORDS (SINGLE ENTRY) II

#### \* TYPES OF SINGLE ENTRY

1) PURE SINGLE ENTRY :- Under this type of single entry, the dual aspect of each transaction is ignored. Only personal accounts of debtors and creditors are kept but no record is kept for real or nominal account.

2) SIMPLE SINGLE ENTRY :- Under this system, (i) Personal account and (ii) Cash book are kept.

3) QUASI SINGLE ENTRY :- Under this system, (i) Personal account, (ii) Cash-book and (iii) Some other subsidiary books are kept.

#### \* ADVANTAGES OF SINGLE ENTRY

- ↳ It is easy and simple method of recording business transactions.
- ↳ Less expensive as qualified staff is not required.
- ↳ Suitable for small businesses where cash transactions occur and very few assets and liabilities exist.
- ↳ Flexible method as there are no set procedures and principles followed.

## \* DISADVANTAGES OF SINGLE ENTRY

- ↳ No double entry, thus trial Balance cannot be prepared to check the arithmetical accuracy of books of accounts.
- ↳ Information related to assets and liabilities cannot be reliable because respective accounts have not been maintained.
- ↳ True profit & loss cannot be ascertained.
- ↳ Comparison of accounting performance with previous year or other firms not possible as any standard principle or procedure is not followed.

## \* DIFFERENCE BETWEEN STATEMENT OF AFFAIRS AND BALANCE-SHEET.

The major difference between statement of affairs and balance-sheet is that the statement of affairs is prepared under Single Entry System while balance-sheet is prepared under Double Entry system. It means that statement of affairs consist of incomplete data so the degree of accuracy can be down. But balance-sheet is prepared from the books of accounts so the degree of accuracy can be high.

## \* DIFFERENCE BETWEEN DOUBLE ENTRY SYSTEM AND SINGLE ENTRY SYSTEM

DOUBLE ENTRY SYSTEM	SINGLE ENTRY SYSTEM
* Under this system, both aspect of each transaction are recorded.	* Under this system, both aspect of each transaction are not recorded.
* In this system, personal, real and nominal accounts are kept fully.	* In this system, only personal accounts are kept and real and nominal accounts are ignored.
* In this system, cash-book, general ledger, debtor's ledger and creditor's ledger are maintained.	* In this system, only debtor's ledger and creditor's ledger are kept but personal transaction gets mixed up business transactions.
* Under this system, arithmetical accuracy can be checked by preparing trial balance at any moment of time.	* Under this system, the arithmetical accuracy cannot be checked.