ANSWERS

1.

Basis of Distinction	Accrual Basis of Accounting	Cash Basis of Accounting
1.Prepaid/Outstanding Expenses/accrued/unaccrued Income in Balance Sheet	Under this, there may be Prepaid/Outstanding Expenses and Accrued/Unaccrued Incomes in the Balance Sheet.	Under this, there is no Prepaid/Outstanding Expenses or Accrued/Unaccrued Incomes.
2. Higher/lower Income in case of Prepaid Expenses and Accrued Income	Income Statement will show a relatively higher income.	Income Statement will show lower income.
3. Higher/lower Income in case of outstanding expenses and Unaccrued Income.	Income Statement will show a relatively lower income	Income Statement will show higher income.
4. Recognition under the Companies Act, 2013	The basis is **recognised** under the Companies Act, 2013.	This basis is **not recognised** under the Companies Act, 2013.
5. Availability of options to an accountant to manipulate	Under this, an accountant has **options**.	Under this an accountant has **no option** to make a choice as such.

2.

Basis of Distinction	Capital Expenditure	Revenue Expenditure
1. Meaning	It is an expenditure which is incurred: (a) to acquire or bring into existence on asset, or (b) to acquire or bring into existence an advantage or benefit of an enduring nature, or (c) to increase the productivity or earning capacity.	It is an expenditure which is incurred: (a) to maintain the productivity or earning capacity of a business, or (b) to carry out operating activities in the normal course of business.
2. Benefits	It normally yields benefits during current accounting period.	It normally does not yield benefits during current accounting period.
3. Accounting Treatment	It is debited to the Respective Asset Account.	It is debited to Respective Expense Account.
4. Examples	(a) Cost of Land and Building (b) Cost of Plant and Machinery (c) Cost of Furniture and Fixtures	(a) Depreciation on Land and Building (b) Rent of Machines (c) Repairs of Building (d) Insurance of Building

3.

Basis of Distinction	Capital Receipts	Revenue Receipts
1. Meaning	Capital receipts refer to those receipts which are not revenue in nature.	Revenue Receipts refer to those receipts which arise in the normal course of business.
2. Accounting Treatment	These are credited to the respective account of capital nature.	These are credited to Respective Revenue Account which appears in the Income Statement.
3. Examples	(a) Sale of Land and Building by a person other than a dealer in real estate. (b) Raising of Loan by a person other than one engaged in the business of finance/banking. (c) Raising of capital.	(a) Sale of Land and Building by a dealer in real estate. (b) Sale of securities by a dealer in securities.

4. Deferred revenue expenditure as that expenditure for which payment has been made or a liability incurred, but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods. "In short, it refers to that expenditure that is, for the time being, deferred from being charged to income. Such suspension of 'charging off' operation may be due to the nature of expenses and the benefit expected therefrom.

Deferred revenue expenditure should be revenue expenditure by nature in the first instance, for example, advertisement. But its matching with revenue may be deferred considering the benefit to be accrued in future.

The benefits available from prepaid expenses can be precisely estimated but that is not so in case of deferred revenue expenses. Heavy advertising to launch a new product is a deferred expenses since the benefit from it will be available over the next three to five years but one cannot say precisely how long.
Deferred expenses are considered fictitious assets but prepaid expenses are considered as current assets.

5.

Basis of Distinction	Contingent Liability	Other Liability
1. Meaning	It is an obligation which may or may not arise depending on the happening or non-happening of an uncertain future event.	There are financial obligations of an enterprise other than owners' equity.
2. Disclosure	It is disclosed by way of foot note to the Balance Sheet.	These are disclosed on the liabilities side of the Balance Sheet.
3. Examples	1. Bills discounted but not yet matured. 2. Arrears of dividend on cum-pref.-shares	1. Creditors for Goods. 2. Outstanding Expenses.

6.

Basis of Distinction	Provision	Contingent Liability
1. Meaning	Provision is a present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation.	It is an obligation which may or may not arise depending on the happening or non-happening of an uncertain future event.
2. Recognition criteria	A provision meets the recognition criteria.	A contingent liability fails to meet the same.
3. Conditions for Recognition	Provision is recognised when (a) an enterprise has a present obligation arising from past events; an outflow of resources embodying economic benefits is probable, and (b) a reliable estimate can be made of the amount of the obligation.	Contingent liability includes present obligations that do not meet the recognition criteria because wither it is not probable that settlement of those obligations will require outflow of economic benefits, or the amount cannot be reliably estimated.

7.

Basis of Distinction	Fundamental Accounting Assumptions	Accounting Policies
1. Number	There are only three fundamental accounting assumptions viz. Going Concern, Consistency and Accrual.	There is no single list of accounting policies which are applied in all circumstances. As a result, there may be different accounting policies adopted by different enterprises.
2. Disclosure if followed	No disclosure is required if all the fundamental assumptions have been followed.	Disclosure is required if a particular accounting policy has been followed.
3. Disclosure if not followed	In case the fundamental assumptions are not followed; the fact has to be disclosed in the financial statements together with the reasons.	In case, the policy is changed in subsequent year, the reasons for such change and the resulting financial consequences have to be disclosed.
4. Choice	There is no choice.	The firm has a choice to select a particular policy.

8.

Basis of Distinction	Meaning	Examples

(a) Personal Accounts	These accounts relate to natural persons, artificial persons and representative persons.	**Natural**-Ram's A/c **Artificial**- Ram & Co.'s etc **Representatives**-Outstanding Salary A/c, Prepaid Insurance
(b) Impersonal Accounts **(i) Real Accounts**	These accounts relate to the tangible or intangible real assets.	**Tangible**- Land A/c **Intangible**-Goodwill A/c
(ii) Nominal Accounts	These accounts relate to losses profit & gains.	**Expenses**-Purchases A/c **Loss**- Loss by fire A/c **Profit & Gains**- Sales A/c, Discount Received A/c

9.

Basis of Distinction	Journal	Ledger
1. Nature of Book	It is book of original or Prime entry.	Its is book of final or secondary entry.
2. Basis for Preparation	It is prepared on the basis of source documents of transactions.	It is prepared on the basis of journal.
3. Stage of Recording	Recording in the journal is the first stage.	Recording in the ledger is the second stage.
4. Object	It is prepared to record all transactions in chronological order.	It is prepared to know the net effect of various transactions affecting a particular account.
5. Format	In Journal, there are five column- 1. Date 2. Particulars 3. Ledger Folio 4. Debit Amount 5. Credit Amount	In ledger, there are identical four column on debit side and credit side. 1. Date 2. Particulars 3. Folio 4. Amount
6. Balancing	Journal is not balanced.	All ledger accounts (except nominal account) are balanced in the ledger.
7. Narration	Narration is written for each entry.	No narration is given.
8. Name of the Process of recording entries	The process of recording in journal is called journalising	The process of recording in the ledger is called Posting.
9. Basis for Preparation of Final Accounts	Journal directly does not serve as basis for the preparation of final accounts.	Ledger serves the basis for the preparations of final accounts.

10.

Basis of Distinction	Books of Original Entry	Ledger
1. Nature of Book	It is book of original or Prime entry.	This is a book of final or secondary entry.
2. Basis for Preparation	These books are prepared on the basis of source documents.	This book is prepared on the basis of books of original entry.
3. Stage of Recording	Recording off entries in these books is the first stage.	Recording in the ledger is the second stage.
4. Net effect of various transactions	These books do not help to know the net effect of the various transactions affecting a particular account.	A ledger helps to know the net effect of the various transactions affecting a particular account.
5. Format	In the Journal, there is one column for particulars and two columns for amounts-one for debit and another for credit. Special journals (except cash book) have only one column of amount.	In the ledger, where are two divided sides having identical columns. The left side is known as debit and the right side is known as credit.

6. Balancing	In the books of original entry (except Cash Book) balancing is not done.	In the ledger, all the accounts (except nominal accounts) are balanced.
7. Next stage of accounting process	From the books of original entry, entries are transferred to the ledger.	From the ledger, all the accounts (except nominal accounts) are balanced.
8. Name of the Process of recording entries	The process of recording entries in these books is called journalising.	The process of recording entries in the ledger is called Posting.

11.

Basis of Distinction	Trade Discount	Cash Discount
1. Meaning	It is a reduction granted by a supplier from the List Price of goods or services on business considerations (such as quality bought, trade practices, etc.,) other than for prompt payment.	A reduction granted by a supplier from the Invoice Price in consideration of immediate payment or payment within a credit period allowed.
2. Purpose	It is allowed to promote the sales or as a trade practices.	It is allowed to encourage the prompt payment.
3. Time when allowed	It is allowed on purchase of goods.	It is allowed on immediate payment or payment within a specified period.
4. Disclosure in the Invoice	It is shown by way of deduction in the invoice itself.	It is not shown in the invoice.
5. Ledger Account	Trade Discount Account is not opened in the ledger.	Cash Discount Account is opened in the ledger.
6. Variation	It may vary with the quantity purchased.	It may vary with the period within which the payment is made.

12. The term 'commission' may be defined as remuneration of an employee or agent relating to services performed in connection with sales, purchases, collections, or other types of business transactions and usually based on a percentage of the amounts involved. The various examples of commission include the following:
(a) Commission to selling or buying agents.
(b) Commission to brokers and bankers for services rendered.
(c) Commission to property dealers for assistance in renting out properties or for services in connecting with purchase/sale of properties.
(d) Commission to export-import agents in foreign trade.
Commission earned is accounted for as an income in the books of the beneficiary and Commission allowed is accounted for as expenses or deferred revenue expenditure in the books of the party availing of such facility.

Discount The term 'discount' is used to express one of the following situations:
(a) An allowance given for the settlement of a debt before it is due, that is, cash discount.
(b) An allowance given to the wholesalers or bulk buyers on the list price or retail price, known as trade discount.
(c) The excess of par or face value of shares or debentures over the amount paid by subscriber, that is, discount on issue of shares or debentures.
(d) The amount charged by a bank on discounting of a bill of exchange.
Discount earned is accounted for as an income in the books of the beneficiary and discount allowed is accounted for as expenses or deferred revenue expenditure in the books of the party availing of such facility.

13. Imprest System of Petty Cash- Under Imprest system. The Chief Cashier makes the reimbursement of the amount spent by the Petty cashier and the Petty Cashier again has the same amount of petty cash at the end as in the beginning.
Non-Imprest system of Petty Cash- Under Non-Imprest System. The Chief Cashier may hand over the cash to the Petty Cashier equal to/more than/less than the amount spent by the petty cashier. The Petty cashier may or may not have the same closing balance of petty cash as opening balance.

14.

Basis of Distinction	Debit Note	Credit Note
1. Who Prepares?	It is Prepared by Purchaser.	It is prepared by Seller.
2. Contents	(a) Date of Return (b) Name of Supplier to who returned (c) Details of goods returned (d) Reasons for returning goods	(a) Date of return (b) Name of customer who returned (c) Details of goods returned (d) Reason for returning goods
3. Source Document	It is used as source document for recording in Purchase Return Book.	It is used as source document for recording in Sales Return Book.
4. Why Prepared?	It is prepared to debit supplier's account.	It is prepared to give credit to customer.

15.

Basis of Distinction	Sales Day Book	Sales Account
1. Nature	It is a book of original entry.	It is opened in the books of secondary entry i.e. ledger.
2. Basis for preparation	It is prepared on the basis of sales invoices raised.	It is prepared on the basis of Sales Day Book (for Credit Sales) and Cash Book (for Cash Sales)
3. Nature of transactions recorded	It records only the credit sales of goods in which the enterprise deals in.	It contains the effect of both Cash Sales and Credit Sales.

16.

Basis of Distinction	Bank Statement/Pass Book	Bank Reconciliation Statement
1. Who prepares	It is prepared by the Bank	It is prepared by the Bank Customer i.e., account holder.
2. Object	It is prepared to inform the customer about all transactions which have taken place during the period covered by the Statement.	It is prepared to reconcile the bank balance as per cash book with the bank balance shown by the Bank Statement.
3. Timing When prepared	It is prepared for a particular period.	It is prepared on a particular date.
4. Necessity	It is compulsory for the bank to prepare it.	It is not compulsory.
5. Contents	It shows- (a) Dates of Transactions (b) Particulars of Transactions (c) Withdrawals (d) Deposits (e) Balances	It shows- (a) Cause of disagreement & (b) Amount thereof
6. Starting Amount	It starts with the balance as per customer's account in bank ledger.	It may start with bank balance as per cash book or Bank Statement.
7. Final Result	It shows the balance in customer's account as per bank ledger at the end of the period.	It may show the bank balance as per cash book or Bank Statement at the end of period.

17. This error arises when the transaction is recorded ignoring the distinction between the

18.

Basis of Distinction	FIFO	LIFO
1. Basic Assumption	Goods received first are issued first.	Goods received last are issued first.
2. Cost of Goods sold	Cost of goods sold represents cost of earlier purchases.	Cost of goods sold represents cost of recent purchases.
3. Ending Inventory	Ending inventory represents cost of recent purchases.	Ending inventory represents cost of earlier purchases.
4. In case of Rising Prices	Higher income is reported since old costs (which are lower than current costs) are	Lower income is reported since current costs (which are higher than the old costs) are marched with

	matched with current revenue. As a result, income tax liability is increased.	current revenue. As result, income tax liability is reduced.
5. Distortion in Balance Sheet	Balance Sheet shows the ending inventory at a value nearer the current market price.	Balance Sheet is distorted because ending inventory is understated at old costs.

19.

20.

Basis of Distinction	Periodic Inventory System	Perpetual Inventory System
1. Basis of Ascertaining Inventory	Inventory is ascertained by taking an actual physical count.	Inventory is ascertained on the basis of records.
2. Calculation of Inventory	Inventory is directly calculated by applying the method of valuation of inventories.	Inventory is calculated as a residual figure as under: Closing Inventory= Opening inventory + Purchases- Cost of goods sold
3. Calculation of cost of goods sold	Cost of goods sold is calculated as a residual figure as under:	Cost of goods sold is directly calculated by applying the method of valuation of inventories. Cost of goods sold =Opening Inventory + Purchases – Closing Inventory
4. Lost Goods lost goods (if any).	Cost of Goods Sold includes (if any).	Inventory includes lost goods.
5. Closing down of work for stock taking	It requires closing down of work for stock taking.	It does not require closing down of work for Stock taking.
6. Continuous Stock Stock checking	It does not facilitate the Checking.	It facilitates the continuous stock checking.
7. Simplicity and cost	It is simple and inexpensive.	It is elaborated and expensive.

21.

Basis of Distinction	Bill of Exchange	Promissory Note
1. No. of Parties	There are three parties-Drawer, Drawee and Payee.	There are two parties- Maker and Payee.
2. Promise/order	It contains a unconditional order given by a Creditor to a Debtor.	It contains an unconditional promise given by a debtor to a creditor.
3. Nature of Liability	The liability of the drawer is secondary and conditional.	The liability of the maker is primary and absolute.
4. Acceptance	It requires an acceptance to become a valuable instrument.	It does not require any acceptance since it is a valuable instrument right from the beginning.
5. Same identity of payer and payee	The drawer and payee may be the same person.	The maker and payee cannot be the same person.
6. Payable to bearer	It can be payable to the bearer.	It cannot be payable to bearer. It cannot be drawn as payable to bearer on demand.
7. Protest for Dishonour	It requires the protesting for dishonour.	It does not require any protesting.
8. Notice of Dishonour	Notice of dishonour must be given to all persons (including drawer) liable to pay.	Such notice is not required to be given to the maker.

22.

Basis of Distinction	Trade Bills	Accommodation Bills
1. Purpose	These bills are drawn to settle a business transaction.	These bills are drawn to meet the financial needs of the drawer/drawee/both temporarily.
2. Consideration	These bills are accepted for a consideration.	These bills are accepted without any consideration.

3. Role	These bills act as an evidence of indebtedness.	These bills act as a source of finance.
4. Sharing of Proceeds of the Bill	On discounting of such bills, proceeds remain with the holder.	On discounting of such bill, proceeds may be shared by drawer and drawee in an agree ratio.
5. Recovery in case of dishonour	On dishonour of such bills, drawer can file a suit against the drawee, because drawee is liable to drawer.	On dishonour of such bill, drawer cannot file suit against the drawee because drawee is not liable to drawer.

23.

Basis of Distinction	Consignment	Sale
1. Nature of Relationship	The relation between the Consignor and the Consignee is that of principle and agent.	The relation between the seller and the buyer is that of creditor and debtor.
2. Ownership and possession of goods	Only the possession and not the ownership is transferred to the consignee.	Both the possession and ownership are transferred.
3. Risk of goods	Risk remains with the Consignor because ownership remains with the Consignor.	Risk remains with the buyer since ownership remains with him.
4. Proforma Invoice	Consignor prepares only a proforma invoice.	Seller prepares a sales invoice.
5. Subject matter of dealing	Only movable property may be its subject matter.	Any property may be its subject matter.
6. who bears expenses	Expenses incurred by consignee are borne by Consignor.	Expenses incurred after sale by buyer are borne by him and not by seller.
7. Profit/Loss belongs to	Profit/Loss on sale of belongs to Consignor.	After the sale of complete, the profit/loss belongs to buyer.
8. Return of goods	Goods are returnable if they are not sold by the consignee.	Goods once sold are not returnable.
9. Account Sales	Accounts sales has to be submitted by the consignee to the Consignor from time to time.	No Account Sale is required to be submitted by the Buyer to the Seller.
10. Treatment of Unsold Goods	Unsold goods with Consignee is to be treated as stock of the Consignor.	The seller has nothing to do with the goods which could not be resold. Unsold Goods with the buyer is treated as Stock of the Buyer.

24.

Basis of Distinction	Normal Loss	Abnormal Loss
1. Avoidable vs. Unavoidable	It is an unavoidable loss	It is an avoidable loss.
2. Causes	It is caused due to the inherent feature of the goods e.g. evaporation, normal leakage/spoilage.	It is usually caused by fire, theft, abnormal spoilage/pilferage etc.
3. Part of Cost	It is treated as a part of cost.	It is not treated as a pat of cost.
4. Valuation	Its value is not calculated separately.	Its value is calculated in the same manner as value of unsold stock.
5. Treatment	Its value is adjusted by inflating the cost per unit as under. Effective cost per unit=	Its value is credited to the consignment Account in order to calculate the normal profit/loss on consignment.
6. Journal Entry	No journal entry is passed to account for such loss.	The following journal entry is passed to account for such a loss: P&L A/c [irrecoverable loss] Dr. Insurance Co. Dr. To Consignment A/c [Total Loss]

25.

Basis of Distinction	Fixed Capital Method	Fluctuating Capital Method
1. Change in capital	The capital normally remains unchanged except under special circumstances.	The capital fluctuates quite frequently from period to period.
2. No. of Accounts maintained	Two accounts are maintained for each partner viz. (a) Fixed Capital Account, (b) Current Account.	Only one account (viz., Capital Account) is maintained for each year.
3. Adjustments for drawings etc.	All adjustments for drawings, interest on drawings, interest on capital, salary, share of profit/loss are made in Current Account.	All adjustments for drawings, interest on capital, salary, share of profit/loss are made in Capital Account.
4. Can Capital Account show a negative balance?	Fixed Capital Account can never show a negative balance.	Fluctuating Capital Account can never show a negative balance.

26.

Basis of Distinction	Average Profit	Super Profit
1. Meaning	Average profit is the average of the profit of past few years.	Super profit is the excess of Average Profits over Normal Profits.
2. Whether Average capital employed considered for calculation	Average capital Employed is not considered while calculating Average Profits.	Average Capital Employed is considered while calculating Super Profits.
3. Whether Rate of Return considered for calculation?	Normal Rate of Return is not considered while calculating Average Profits.	Normal rate of return is Considered while calculating Average Profits.
4. Relevance while valuing Super Goodwill	Average profit is relevant for Average Profits Method, Super Profits Method and Capitalization Methods of valuation of Goodwill.	Super Profit is relevant for Profits Method and Capitalization of super profits Method or valuation of Goodwill.

27.

Basis of Distinction	Partnership	LLP
Regulating Law	It is governed by 'The Indian Partnership Act, 1932'.	It is governed by 'The Limited Liability Partnership Act, 2008'.
Registration	Registration is optional.	Registration is compulsory.
Creation	It is created by agreement.	It is created by Law.
Separate Legal Entity	It has no separate legal entity.	It has separate legal entity
Name of Equity	It can have any name as per choice.	Its Name to contain 'Limited Liability Partnership' or 'LLP' as suffix.
Perpetual Succession	It does not perpetual succession. The death, insolvency or unsoundness of its members may affect its existence.	It has perpetual succession. The death, insolvency or unsoundness of its members does not affect its existence. Members may come and go but LLP goes forever.
Can Foreign National become partner?	Foreign National ca not become a partner in a Partnership Firm in India.	Foreign National can become a Partner in a LLP.
Number of Members	Minimum 2 and Maximum 10 for Banking business & 20 for non-Banking business.	Minimum 2 but there is no limit of maximum number of partners.
Liability of Partners	Liability of Partner is unlimited. Partners are severally and jointly liable for actions of other partners and the firm and liability extend to their personal assets.	Liability of partner is limited, to the extent their contribution towards LLP, except in case of intentional fraud or wrongful act of omission or commission by the partner.

Mutual Agency	Partners are agents of the firm and other partners.	Partners act as agents of LLP and not of other partners.
Designated Partner	It need not have Designated Partners.	It must have at least 2 two individuals as Designated Partners, of whom at least one must be resident in India. Each Designated Partner is required to have a DPIN before appointment.
Digital Signature	There is no requirement of obtaining Digital Signature	Atleast one Designated Partner must have Digital Signatures since e forms are filled electronically.
Whistle Blowing	No such provision is provided under The Indian Partnership Act, 1932	Provision has been made to provide protection to employees & partners, providing useful information during an investigation or convicting any partner or firm.
Admission of Minor	Minor can be admitted to the benefits of Partnership as per its Agreement.	Minor cannot be admitted to the benefits of LLP.
Liability of Partners for Legal Compliance	All partners are liable for Legal Compliance.	Only Designated Partners are liable for legal compliance.

28.

Basis of Distinction	Company	LLP
Prevailing Law	It is governed by 'The Indian Companies Act, 2013'.	It is governed by 'The Limited Liability Partnership Act, 2008'.
Motive	It can be formed for Profit or Service motive.	It can be formed only for Profit motive.
Cost of Formation	Minimum Statutory fee for incorporation of Private Company is ₹6,000 and that of Public Company is ₹19,000.	Minimum cost of formation of LLP is ₹800 only, comparatively much lesser than the cost of formation of Company.
Charter Document	Memorandum of Association is the charter of the company which defines its scope of operations.	LLP agreement is a charter of the LLP which denotes its scope of operations.
Common Seal	It must have its own common seal (i.e., Official Signature)	It may have its own common seal (i.e., Official Signature) as per its Agreement.
Formalities of Incorporation	1. Memorandum & Articles of Association 2. Various e forms 3. Prescribed fee Required to be filled with Registrar of Companies.	1. LLP Agreement 2. Various e forms 3. Prescribed fee Required to be filled with Registrar of LLP.
Number of Members	Private Company: Minimum 2 members & maximum 200 members. Public Company: Minimum 7 members but there is no limit on maximum number of partners.	Minimum 2 but there is no limit of maximum number of partners.
Liability of Partners/Members	Generally limited to the amount required to be paid-up on each share.	Liability of partner is limited, to the extent their contribution towards LLP, except in case of intentional fraud or wrongful act of omission or commission by the partner.
Transfer of Share/ Partnership rights in case of death	Shares are transmitted to the legal heirs.	Legal heirs will not become partners. The legal heirs have the right to get the refund of the capital contribution + Share in Accumulated Profits, if any.

Filing of Annual Statement of Solvency	Annual Statement of solvency is not required to be filed with the Registrar of Companies every year.	Annual Statement of Solvency is required to be filed with the Registrar of LLP every year.
Audit of Accounts	Companies are required to get their accounts audited annually as per the provisions of the Companies Act, 1956.	An LLP is required to get their accounts audited annually as per the provisions of LLP Act 2008 if its turnover exceeds Rs. 40 Lacs or its capital contribution exceeds Rs. 25 Lacs in any financial year.
Whistle Blowing	No such provision is provided under The Indian Companies Act, 1956	Provision has been made to provide protection to employees & partners, providing useful information during an investigation or convicting any partner or firm.

29.

Basis of Distinction	Profit seeking organisation	Not-for-profit organization
1. Primary Motive	The primary motive of such an entity is to earn profit.	The primary motive of such an entity is to provide services.
2. Owner's Fund Vs. Capital Fund	Interest of owners is known as Owner's Fund which represents the owner's investments plus accumulated reserves and surplus.	Interest of members is known as Capital Fund which represents the accumulated surplus or subscriptions, donations and net Income from activities carried on by such an entity.
3. Net Result of activities	The net result of the activities of such an entity as the profit/loss.	The net result of the activities of such an entity is known as the surplus/deficit.
4. Accounting Statement	The accounting statements of such type of entity include: (a) a Manufacturing A/c (b) a Trading A/c (c) a Profit and Loss A/c (d) a Balance Sheet.	The accounting statements of such an entity includes: (a) a Receipts and Payments A/c (b) an Income and Expenditure A/c (c) a Trading A/c (d) a Balance Sheet

30.

Basis of Distinction	Receipts & Payments A/c	Income and Expenditure A/c
1. Nature of Accounts	It is a real account.	It is a nominal account.
2. Period to which items relate	It records the receipts and payments whether they relate to previous, current or following accounting periods.	It records only those incomes, expenses and losses which relate to current accounting period.
3. Nature of items recorded-Revenue Vs. Capital.	It records all the receipts and payments whether of capital or revenue nature.	It records the incomes, expenditures and losses of revenue nature.
4. Non-Cash items	Non-cash items are not shown in this account.	Non-cash items such as depreciation, bad debts, etc., are shown.
5. Items of Debit Side	It is debited with all the sums received.	It is debited with the expenses and losses.
6. Items of Credit Side	It is credited with all the sums paid out.	It is credited with the incomes
7. Closing balance	Closing balance represents cash or bank balance (or bank overdraft) at the end of the accounting period.	Its closing balance represents either net surplus or net deficit.
8. Treatment of closing balance	Its closing balance is carried forward in the same account of the next period.	Its closing balance is transferred to the Capital Fund in the Balance Sheet.

9. Opening balance	Opening balance represents cash or bank balances (or Bank overdraft) in the beginning of the accounting period.	It has no opening balance.
10. Basic Structure	It is basically a summarised Cash Book.	It is like a Profit & Loss Account.
11. Object	It is prepared to present a summary of cash transactions during an accounting period.	It is prepared to ascertain the net results of all the transactions during an accounting period.

31.

Basis of Distinction	Reserve Capital	Capital Reserve
1. Meaning	It refers to those portions of uncalled share capital which shall not be capable of being called up except in the event and for the purpose of the company being wound up. (sec. 65)	It refer to those amounts which are not regarded as free for distribution by way of divided through Profit and Loss Account.
2. Mandatory or Not	It is not mandatory to create Reserve Capital.	It is mandatory to create Capital Reserve in case of profit on forfeited shares.
3. Disclosure in Balance Sheet	It is not disclosed in the company's Balance Sheet.	It is required to be disclosed as the 1^{st} item under the head 'Reserves and Surplus' on the liabilities side of the Balance Sheet.
4. Time when it can be used	It can be used during only at the time of winding up.	It can be used during the life of the company.
5. Realised vs. Unrealised	It refer to the amount which has neither been called up nor been received.	It (excluding items like revaluation profit) refer to that amount which has already been realised.
6. Can it be used to write off capital losses?	It cannot be used to write off capital losses.	It can be used to write off capital losses.
7. Can it be used to declare share bonus?	It cannot be used to declare a share bonus.	It (excluding items like revaluation profit) can be used to declare a share bonus.

32.

Basis of Distinction	An Equity Share	A Preference Share
1. Preferential right as to the payment of dividend	Payment of equity dividend is made after the payment of preference dividend.	Payment of preference dividend is made before the payment of equity dividend.
2. Preferential right as to the repayment of capital	Repayment of Equity share capital is made after the repayment of preference share capital.	Repayment of preference share capital is made before the repayment of equity share capital.
3. Fluctuations in the rate of dividend	The rate of equity dividend may vary from year to year depending upon the decision of directors and members.	The rate of preference dividend is fixed.
4. Arrears of dividend	In case of an equity share, arrears of dividend cannot accumulate in any case.	In case of a preference share, arrears of dividend may accumulate.
5. Convertibility	It cannot be convertible.	It may be convertible.
6. Voting Rights	Equity shareholders generally enjoy voting rights.	Preference Shareholders do not have any voting rights except at their class meetings.
7. Redeemability	It is not redeemable during the life time of the company unless the company decides to buyback the shares.	It is redeemable during the life time of the company.

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Basis of Distinction	Calls-in-arrears	Calls-in-advance

1. Meaning	It refers to the called-up amount not yet received from some shareholders till the last day fixed for payment thereof.	It refers to the Un-called up amount received in advance from some shareholders.
2. Authority under articles	There is no question of any authority under Articles.	A company may accept Calls-in-advance only if Articles permit.
3.Interest	Interest is charged on Calls-in-arrears.	Interest is allowed on Calls-in-advance.
4. Maximum rate of Interest	The maximum rate of interest as per Table F is 10% p.a.	The maximum rate of interest as per Table F is 12% p.a.
5. Disclosure	The amount of Calls-in-arrears is shown in the Notes to Accounts 'share Capital' to the Balance Sheet.	The amount of Calls-in-advance is shown under the head 'Current Liabilities' and sub-head 'other current Liabilities'.