FYBBA SUBJECT:ACCOUNTING FOR MANAGEMENT

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DIFFERENCE BETWEEN CASH AND CREDIT TRANSACTIONS

SR. NO.	CASH TRANSACTIONS	CREDIT TRANSACTIONS
1.	Generally cash or cheque is exchanged in cash transactions	There is no exchange of cash or cheque in credit transactions
1.	If subsidiary books are kept, then cash transactions are recorded in cash book(or petty cash book)	If subsidiary books are kept, then such transactions are recorded in sales book or purchases book
1.	There is mentioned of cash or both cash and name of the person or no mention of cash and person both.	The name of the person involved is stated and there is no mention of cash or cheque.
1.	One of the two accounts involved is always cash or bank account.	One of the two accounts involved is always a personal account.
1.	No debt is credited due to cash transaction.	A credit transaction creates a debt payable or receivable.

DIFFERENCE BETWEEN TRADE DISCOUNT AND CASH DISCOUNT

SR. NO.	Trade Discount	Cash Discount
1.	Trade discount is allowed by a wholesaler to retailer to enable him to sell at a fixed price and yet make a profit.	Cash discount is allowed by the receiver of cash to the payer for prompt payment or for payment of cash within the period of credit.
1.	Trade discount is allowed on the catalogue price.	Cash discount is allowed on the net amount after deducting trade discount from printed price.
1.	Trade discount is not recorded in books of account.	Cash discount is always recorded in books of account.
1.	The rate of trade discount is low for small purchases and high for large purchases.	Cash discount is allowed at the same rate to all payers.
1.	Trade discount is always deducted from invoice.	Cash is not deducted from invoice.
1.	The purpose of trade discount is to allow retailer to sell goods at printed price .	The purpose of cash discount is to tempt the customers to make prompt payment of cash.

DIFFERENCE BETWEEN JOURNAL AND LEDGER

SR. NO.	Journal	Ledger
1.	A book of account in which transactions are first recorded is called a journal.	It is a book of accounts in which summary of transactions are written from books of original entry in separate accounts.
1.	It is a book of original entry.	It is the principal book of accounts.
1.	The purpose of writing journal is to see that no transaction is left unrecorded.	The purpose of writing ledger is to find out position of cash account, to know the results trading during the year and to know the financial position of business.
1.	A short description of every transaction recorded in it is given.	No such description of transaction entered in the accounts is given.
1.	Both the debit and credit effects of a transaction are written at the same time and place..	One effect of a transaction is given in one account and the other effect is given in some other account.
1.	No information is available from journal relating to on e type of transaction easily.	Information about a particular account is available at one place at a glance easily.

SUBSIDIARY BOOKS

- Purchases Book
- Sales Book
- Purchase Returns Book
- Sales Returns Book
- Cash Book

TYPES OF ERRORS:

- Types of errors can be divided into two parts:

A. Errors not affecting the trial balance (two-sided errors)

B. Errors affecting the trial balance (one-sided errors)

ERRORS NOT AFFECTING THE TRIAL BALANCE (TWO-SIDED ERRORS)

- (1) **Errors of omission:**
- (2) **Errors of Principle**:
- **(3) Errors of Commission:**
- **(4) Compensating Errors:**

ERRORS AFFECTING THE TRIAL BALANCE (ONE-SIDED ERRORS):

- **1. Errors of omitting to post:**
- **2. Errors of posting a wrong amount:**
- **3. Errors of posting on the wrong side:**
- **4. Errors of double posting:**
- **5. Errors of finding out a wrong balance of an account:**
- **6. Errors of carrying forward a wrong balance:**
- **7. Errors of wrong casting of a subsidiary book:**
- **8. Errors of omitting to write the balance:**
- **9. Errors of putting the balance in the wrong column:**
- **10. Errors of omitting to post the total of a subsidiary book:**
- **11. Errors of omitting to write the Cash Book balances:**