

SINGLE ENTRY SYSTEM

MANY BUSINESSMEN KEEP THEIR ACCOUNTING RECORDS IN SINGLE ENTRY SYSTEM AND THEIR DIS-ADVANTAGES ARE AS FOLLOWS :

- ☐ Preparation of trial balance not possible
- ☐ Difficult to detect frauds and errors in accounting
- ☐ Separate entity concept is neglected
- ☐ Valuation of assets and liabilities not possible
- ☐ Operating results not possible
- ☐ Will not know what is the Gross profit margin
- ☐ Will not know what is the Net profit margin
- ☐ Debtors and creditors will not be known
- ☐ Owner will not know whether how long he has to fund the business and how much he has done so far in his business . Banks will not lend money on Single Entry System.
- ☐ Hence the Solution is “**DOUBLE ENTRY SYSTEM**”