

Q3 ⇒ (Q) Discuss the advantages of accounting.

A) Some of the advantages of accounting are Maintenance of business records, Preparation of financial statements, Comparison of Results, Decision making, Evidence in legal matters, Provides Information to related parties. Let us see the advantages and disadvantages of accounting in greater detail.

Advantages of Accounting:-

- Maintenance of Business records.
- Preparation of Financial statements.
- Decision Making.
- Comparison of results.
- Evidence in legal matters.

SECTION - 4.

2. (11)

Limitations of accounting

① Measurability

One of the biggest limitation of accounting is that it can't measure things events that don't have

2. No future assessment

The financial statements show the financial position of the firm on the date of preparation. The user statement are more interested in the future of the company in the short and long term.

3. Historical cost

Accounting often uses historical costs to measure the values. This fails to take into consideration factors such as inflation, price changes etc.