

Discussion

[Finance](#)



Accounting Accuracy and Financial Literacy Accounting Adjustments Both cash and accrual systems have their advantages and disadvantages. The accrual system of accounting record revenue when it is earned hence shows the actual financial position of a business periodically. The system has a weakness in that it is expensive to maintain different pre-payments and accruals.

The cash system records the prepayments and accruals in the same book. These provide false information on the true period in which the income was earned. The cash system is best for users since all information is disclosed in a single book. Corporation and partnership types of business will benefit from keeping accounting records. This gives a business platform for future reference.

General accounting standards are the rule and concepts that govern accounting. Investors and speculators will make wrong choices, if companies make annual adjustment entries. Closing entries are made at the completion of journals, which are transferred from temporary to permanent accounts while reverse entry is the vice versa. Accounting process involves journal entries, trial balance, financial statements, and closing books.

Financial Accuracy

The main steps in closing cycle are closing the revenue, expense and income accounts. Accuracy involved in the above process can be improved by double checking system and by using a computerized system of accounting. Double checking will increase chances of sporting mistakes while computerized accounting enhances safety.

E-activity helps users of financial information since they will be able to make correct and timely decisions. There will also be easy sharing of information.

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Obviously, there will be a decrease in delays caused by a manual system of operation.

Closing entries in accounting accuracy entail zero balancing of temporary accounts by transferring all balances to permanent accounts. Reverse entry is the opposite of closing entry. The steps involved in the accounting process in financial accuracy are repeating the same process of accounting adjustment.