

## DIFFERENCE BETWEEN STATEMENT OF AFFAIRS AND BALANCE SHEET

Sr. No.	Basis of Difference	Statement of Affairs	Balance Sheet
1.	Date of Preparation	It is prepared at the time of insolvency.	It is prepared at the end of each financial year.
2.	Objects	It is prepared to show the inability of the debtor to pay his debts.	It is prepared to know the financial position of the concern.
3.	Use of lists	Various lists are used for assets and liabilities.	No list is used for assets and liabilities.
4.	Record of Assets	Only real and realisable assets are recorded under it.	All real and fictitious assets are recorded under it.
5.	Value of Assets	The book value and realisable value (expected to produce) of assets, both are shown under it.	The actual value and depreciated value of assets are shown under it.
6.	Division of Assets	Assets are divided in three lists : (i) list E for realisable assets except Book Debts and Bills Receivables. (ii) list F for Book Debts. (iii) list G for Bills Receivable.	Assets are divided in three heads : (i) Fixed Assets (ii) Current Assets (iii) Fictitious Assets e.g. Preliminary Expenses, Profit and Loss A/c (Dr.) etc.

7.	Amount of Liabilities	The gross amount and estimated payable amount (Expected to Rank) are shown under separate column.	Only actual liabilities are shown under it and contingent liabilities are shown in the inner column.
8.	Division of Liabilities	Liabilities are divided in four lists : (i) list A for unsecured creditors (ii) list B for fully secured creditors (iii) list C for partly secured creditors (iv) list D for preferential creditors.	Liabilities are divided in four heads : (i) Capital (ii) Reserve and Surplus (iii) Long Term Loan (iv) Current Liabilities and Provisions.
9.	Total Sum of both Sides	Generally, the total of liabilities side is more than the assets side under it.	The total of liabilities side is always equal to assets side under it.
10.	Capital, Drawings and Profit	The amounts of capital, drawings and profit are not shown under it.	The amount of capital is shown after adding profit and deducting loss and drawings under it.
11.	Private Assets and Liabilities	Both, private and business assets and liabilities are shown under it.	Only business assets and liabilities are shown under it.
12.	Deficiency A/c and Profit and Loss A/c	It is necessary to prepare Deficiency A/c under it.	For its preparation, at first it is necessary to prepare Profit and Loss A/c.
13.	Reserve and Funds	Reserve and funds are not shown under it.	All types of Reserves and Funds are shown on its liabilities side.
14.	Legal Obligations	It is compulsory to prepare statement of affairs in case of insolvency of sole trading and partnership firm.	It is not compulsory to prepare Balance Sheet of sole trading and partnership firm but practically it is essential.
15.	Mortgaged Assets	Mortgaged assets are shown in liabilities side under list B and list C.	Mortgages assets are also shown with other assets in assets side.

**DIFFERENCE BETWEEN DEFICIENCY ACCOUNT AND PROFIT AND LOSS ACCOUNT**

Sr. No.	Basis of Difference	Deficiency Account	Profit and Loss Account
1.	Nature	Profits are recorded on its left hand side and losses on its right hand side.	Losses are recorded on its left hand side and profits on its right hand side.
2.	Objects	It's main object is to find out deficiency.	Its main object is to find out profits or losses.
3.	Preparation	It is prepared only once after declaration of insolvency.	It is prepared every year at the end of each Accounting Year.
4.	Period	Its period is whole life of a business trade.	Its period is annually or half yearly.
5.	Items	The items shown under it are capital of business, profit of last years, losses, drawings, interest on capital and profit/loss on assets realised.	It shows all incomes and expenditures of an organisation during the financial year.
6.	Capital and Drawings	Under it, capital is shown on left hand side and drawings on right hand side.	No entry is made for capital and drawings under it.
7.	Revenue Receipts and Payments	Revenue receipts and payments are not shown under it.	Revenue receipts are shown on its right hand side and revenue payments are shown on its left hand side.
8.	Difference of Both Sides	The difference of both the sides represents generally deficiency.	The difference of both the sides represents profit or loss.
9.	Difference of Assets and Liabilities	The difference of private assets and private liabilities is also shown under it.	The difference of assets and liabilities is not shown under it.