

# CLASS 11 ACCOUNTS

## ANSWER KEY

Q1. What do you Understand by Accounting?

Ans. Accounting can be defined as a process of reporting, recording, interpreting and summarizing economic data. The introduction of accounting helps the decision-makers of a company to make effective choices, by providing information on the financial status of the business.

Q2. Define Book Keeping.

Ans. Bookkeeping is the recording, on a day-to-day basis, of the financial transactions and information pertaining to a business. It ensures that records of the individual financial transactions are correct, up-to-date and comprehensive. Accuracy is therefore vital to the process.

Q3. State two differences between Book Keeping and Accounting.

Ans. The two differences are as follows:-

Basis	Book Keeping	Accounting
Definition	Bookkeeping is mainly related to identifying, measuring, and recording, financial transactions	Accounting is the process of summarizing, interpreting, and communicating financial transactions which were classified in the ledger account
Objective	The objective of bookkeeping is to keep the records of all financial transactions proper and systematic	The objective of accounting is to gauge the financial situation and further communicate the information to the relevant authorities

Q4. Mention the branches of Accounting.

Ans. Financial Costing  
Cost Accounting  
Management Accounting

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Q5. State two objectives of financial accounting.

Ans.

1. **Systematic recording of transactions:** basic objective of accounting is to systematically record the financial aspects of business transactions (i.e. book-keeping).
2. **Ascertainment of result of above recorded transactions:** accountant prepares profit and loss account to know the result of business operations for a particular period of time

Q6. Is accounting an Art or Science?

Ans. Accounting can be considered an art because it requires creative judgment and skills. In order to perform accounting functions well, discipline and training is required.

Accounting can also be considered a science because it is a body of knowledge, but since the rules and principles are constantly changing and improving, it is not considered an exact science.