

ANSWER KEY & MARKING SCHEME · CBSE CLASS 11**Recording of Transactions – I**

Accountancy · Chapter 3 · Use this with the Board Paper · Companion to Quick Drill

HOW TO USE

Attempt the Board Paper first (closed-book, full time). Then come here. For 2-mark+ questions, compare your answer to the model. For 3-4 mark questions, also consult the **Topper Templates** below — these show the exact step-by-step structure that scores full marks per CBSE marking-scheme conventions.

MODEL ANSWERS · BOARD PAPER**Section A — Objective / VSA (1 mark x 6)****Q1. State the accounting equation. [1 mark]****Ans:** Assets = Liabilities + Capital.**Q2. Under the modern approach, is an increase in capital debited or credited? [1 mark]****Ans:** Credited (capital is a liability of the business).**Q3. To which class of account does the rule 'debit what comes in, credit what goes out' apply? [1 mark]****Ans:** Real accounts.**Q4. Is trade discount recorded separately in the journal? [1 mark]****Ans:** No — only the net amount (list price less trade discount) is recorded.**Q5. Name the source document prepared for a credit sale. [1 mark]****Ans:** An invoice (or bill).**Q6. To which account is cash withdrawn by the owner for personal use debited? [1 mark]****Ans:** Drawings A/c.**Section B — Short Answer I (2 marks x 3)****Q7. State the modern rules of debit and credit for (a) assets and (b) capital, with one example each. [2 marks]****Ans:** (a) ASSETS: an increase is debited, a decrease is credited — e.g. cash received → Cash A/c Dr. (b) CAPITAL: an increase is credited, a decrease is debited — e.g. owner brings in money → To Capital A/c (credited). Assets and capital move on opposite sides because assets are on the left of the equation and capital on the right.**Q8. Distinguish between a trade discount and a cash discount. [2 marks]****Ans:** A TRADE discount is a reduction in the list price for buying in bulk; it is deducted on the invoice and is NOT recorded separately in the books (only the net amount is journalised). A CASH discount is allowed for prompt/early payment; it IS recorded in the books as Discount Allowed or Discount Received. Trade discount = off the price, no entry; cash discount = for paying fast, has an entry.**Q9. What is a voucher? Name its two cash types. [2 marks]****Ans:** A voucher is a written document, prepared from a source document, that analyses a transaction into its debit and credit and authorises the entry. Its two cash types are the DEBIT voucher (for payments/cash going out) and the CREDIT voucher (for receipts/cash coming in).**Section C — Short Answer II (3 marks x 2)****Q10. Show the effect of the following transactions on the accounting equation: (i) Started business with cash ₹60,000; (ii) Bought goods on credit ₹15,000; (iii) Paid cash to a creditor ₹10,000. [3 marks]****Ans:** (i) Cash +60,000, Capital +60,000 → 60,000 = 0 + 60,000. (ii) Stock +15,000, Creditors +15,000 → Assets 75,000 = Liabilities 15,000 + Capital 60,000. (iii) Cash –10,000, Creditors –10,000 → Assets 65,000 = Liabilities 5,000 + Capital 60,000. The equation balances after each transaction (65,000 = 5,000 + 60,000).

Q11. State the three golden rules of the traditional approach, naming the account class for each. [3 marks]

Ans: (1) PERSONAL accounts — Debit the receiver, Credit the giver. (2) REAL accounts (assets) — Debit what comes in, Credit what goes out. (3) NOMINAL accounts (expenses, losses, incomes, gains) — Debit all expenses and losses, Credit all incomes and gains.

Section D — Long Answer (6 marks x 2)

Q12. Journalise the following transactions in the books of Anil: (i) Started business with cash ₹1,00,000; (ii) Bought goods for cash ₹25,000; (iii) Bought goods on credit from Mohan ₹20,000; (iv) Sold goods to Ram on credit, list price ₹30,000 less 10% trade discount; (v) Paid rent ₹4,000 by cash; (vi) Anil withdrew ₹3,000 cash for personal use. [6 marks]

Ans: (i) Cash A/c Dr 1,00,000 / To Capital A/c 1,00,000 (Being capital introduced). (ii) Purchases A/c Dr 25,000 / To Cash A/c 25,000 (Being goods bought for cash). (iii) Purchases A/c Dr 20,000 / To Mohan A/c 20,000 (Being goods bought on credit from Mohan). (iv) Ram's A/c Dr 27,000 / To Sales A/c 27,000 (Being goods sold to Ram on credit at 10% trade discount; ₹30,000 – ₹3,000 = ₹27,000). (v) Rent A/c Dr 4,000 / To Cash A/c 4,000 (Being rent paid). (vi) Drawings A/c Dr 3,000 / To Cash A/c 3,000 (Being cash withdrawn for personal use). Each entry has debit equal to credit.

Q13. Explain the rules of debit and credit under the modern (accounting-equation) approach for assets, expenses, liabilities, capital and incomes, and show how they keep total debits equal to total credits. Support with one journal entry. [6 marks]

Ans: Under the modern approach the rule depends on the TYPE of account. ASSETS and EXPENSES/LOSSES increase on the DEBIT side and decrease on the credit side. LIABILITIES, CAPITAL and INCOMES/GAINS increase on the CREDIT side and decrease on the debit side. These rules flow from the accounting equation Assets = Liabilities + Capital: assets are on the left so they grow by a debit, while liabilities and capital are on the right so they grow by a credit; expenses (which reduce capital) are debited and incomes (which raise capital) are credited. Because every transaction has the dual aspect — one debit effect and one equal credit effect — total debits always equal total credits, which keeps the equation balanced and the journal self-checking. Example: Paid salary ₹5,000 by cash → Salary A/c Dr 5,000 (expense increases) / To Cash A/c 5,000 (asset decreases). Debit ₹5,000 equals credit ₹5,000.

★ TOPPER ANSWER TEMPLATES

3 TEMPLATES · MEMORISE THE FORMAT

★ TOPPER TEMPLATE — 3-4 mark: 'Show the effect of the following transactions on the accounting equation / prepare the accounting equation.'

Most papers

Step 1 [1 mark]	Set up the table with the three heads	Draw a table with columns ASSETS (split into the relevant assets, e.g. Cash + Stock + Debtors) = LIABILITIES (e.g. Creditors) + CAPITAL. Writing the equation heading 'Assets = Liabilities + Capital' before the table secures the structure mark.
Step 2 [2 marks]	Show the dual effect of each transaction line by line	Take each transaction in order and write its TWO effects with signs. E.g. 'Started business with ₹50,000 cash' → Cash +50,000, Capital +50,000. 'Bought goods for cash ₹10,000' → Cash –10,000, Stock +10,000. 'Bought goods on credit ₹8,000' → Stock +8,000, Creditors +8,000. Keep a running balance after each line.
Step 3 [1 mark]	Total each column and prove the equation balances	Add each column down to the final row and SHOW that total Assets = total Liabilities + Capital (e.g. 58,000 = 8,000 + 50,000). The closing proof that both sides are equal is itself a mark.

COMMON LOSS OF MARKS:

- Recording only one effect of a transaction (breaks the balance).
- Adding trade discount as a separate column instead of netting it off.
- Treating drawings as reducing an asset only, forgetting to reduce capital.

★ **TOPPER TEMPLATE — 4-6 mark: 'Journalise the following transactions in the books of ____.'**

Almost every paper

Step 1 [1 mark]	Draw the correct journal format	Rule columns: Date Particulars L.F. Debit (₹) Credit (₹). Write the debit account first (with 'Dr'), then the credit account on the next line indented and prefixed 'To'. The format itself earns a mark.
Step 2 [3 marks]	Apply the rules of debit and credit to each transaction	For each transaction identify the two accounts and their type, then apply: assets/expenses increase = Dr, liabilities/capital/incomes increase = Cr. E.g. 'Goods sold on credit to Ram ₹5,000' → Ram's A/c Dr 5,000 / To Sales A/c 5,000. Net off any trade discount before writing the figure.
Step 3 [2 marks]	Add narration and verify Dr = Cr for every entry	Below each entry write a one-line narration in brackets, e.g. '(Being goods sold on credit to Ram)'. Then mentally check total debit equals total credit in every single entry — an unbalanced entry earns zero for that line.

COMMON LOSS OF MARKS:

- Omitting the narration (examiners deduct for each missing narration).
- Reversing capital (debiting it when the owner brings in money).
- Routing an asset purchase through the Purchases account.
- Showing trade discount as a separate journal line.

★ **TOPPER TEMPLATE — 3 mark: 'State the rules of debit and credit' (modern OR traditional approach).**

Frequent

Step 1 [1 mark]	Name the approach and the account classes	State whether you are using the MODERN approach (Assets, Expenses, Liabilities, Capital, Incomes) or the TRADITIONAL approach (Personal, Real, Nominal accounts). Naming the classes first frames the answer.
Step 2 [1 mark]	Give the debit-credit rule for each class	MODERN: Assets & Expenses → increase Dr, decrease Cr; Liabilities, Capital & Incomes → increase Cr, decrease Dr. TRADITIONAL: Personal → debit the receiver, credit the giver; Real → debit what comes in, credit what goes out; Nominal → debit expenses & losses, credit incomes & gains.
Step 3 [1 mark]	Anchor each rule with a one-line example	Add a quick example per rule, e.g. 'Cash brought in by owner: Cash (asset) increases → Dr; Capital increases → Cr.' Examples convert a memorised rule into a demonstrated one and lock the final mark.

COMMON LOSS OF MARKS:

- Mixing the two approaches in one answer without saying which you are using.
- Giving the rule for assets but forgetting expenses follow the same (debit-increase) rule.
- No example to show the rule in action.

MARKING SCHEME — GENERAL NOTES

- For journal entries, award the entry mark only when the debit equals the credit AND the narration is present; an unbalanced or narration-less entry loses that mark.
- Net the trade discount off the list price before recording; showing trade discount as a separate journal line is a conceptual error and loses the mark.
- Reversing capital (debiting it when the owner invests) or routing an asset purchase through the Purchases account is treated as a conceptual error — no mark for that line.
- In accounting-equation questions, both signed effects of each transaction must be shown; recording only one effect loses the mark, and a closing proof that both sides are equal carries part of the mark.
- For rule/golden-rule answers, award one mark per correctly stated and correctly classified rule; an example, where asked, carries part of the mark.