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**CLASS: CHRM MODULE 2**  
**SUBJECT: BOOK KEEPING AND ACCOUNTING**  
**EXAM: SIT IN CAT**  
**TIME: 2 HOURS**  
**DATE: 1<sup>ST</sup> APRIL 2014**

**INSTRUCTIONS: Answer ALL Questions**

1. a). Explain the following terms:

- i) Journal
- ii) Voucher
- iii) Nominal ledger
- iv) Source document.

[10Marks]

b). The following transactions relate to Elali Traders for the month of July 2013:

- July 1. Bought goods on credit from Nywele sh. 10,000.  
“ 4. Sold goods on credit to Walter sh. 25,000.  
“ 12. Bought goods on credit from Sema sh. 42,300.  
“ 27. Sold goods on credit to Charity sh. 68,500.  
“ 27. Returned goods worth sh.2500 to Nywele.  
“ 29. Returned goods to Sema sh. 1900.  
“ 31. Walter returned goods to the business worth sh. 500.

Prepare:

- i) Purchases day book/purchase journal.
- ii) Sales day/ sales journal book.
- iii) Returns outwards day book.
- iv) Returns Inwards day book.

[10Marks].

2. Akolia, a merchant operating in Mombasa had the following trial balance for the year ended 31 October 2013:

	<b>DR SHS(000)</b>	<b>CR SHS(000)</b>
Inventory 1 November 2012	2,000	
Motor vehicles	4,000	
Furniture and Fittings	3,000	
Purchases and Sales	20,000	30,000
Returns	2,000	1,000
Discounts	3,000	1,000
Accounts receivable and Accounts payable	8,000	4,000
Bad debts	1,000	
Provision for bad and doubtful debts		500
Motor vehicles expenses	1,000	
Rent	400	
Salaries and wages	800	
Electricity and water	1,500	
Telephone	300	
Carriage inwards	200	
Carriage outwards	300	
Drawings	3,000	
Capital		<u>14,000</u>
	<b><u>50,500</u></b>	<b><u>50,500</u></b>

### **ADDITIONAL INFORMATION**

1. Stock at 31 October 2013 amount to sh 3,000,000.
2. Provision for bad and doubtful debts is set at 5% of current accounts receivable.
3. A quarter of telephone expenses paid relate to the year 2010.
4. Motor vehicle expenses unpaid amount to sh300, 000. Rent paid in advance amount to sh 100,000. Salaries and wages prepaid was sh 200,000.
5. Unpaid electricity and water amount to sh 100,000.
6. Depreciation is provided on motor vehicles and furniture at 20% and 10% respectively on cost.

Required:

- i. Akolia's income statement for the year ended 31 October 2013.
- ii. The statement of financial position as at 31 October 2013. (20Marks).