

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF  
DIPLOMA IN ACCOUNTING**

**DIAC 0223: COOPERATIVE ACCOUNTING**

**STREAMS: DIAC Y2S1**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 03/12/2019**

**11.30 AM – 1.30 PM**

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**INSTRUCTIONS:**

- **Answer Question ONE and any other TWO Questions**
- **Do NOT write anything on the question paper**

1. (a) In relation to cooperative societies act 2004 explain the requirements of the societies in relation to cooperative accounting. [8 marks]

(b) Highlight the main objectives of standardized accounting systems (SAS) in cooperatives. [8 marks]

(c) The following transactions were done in Wakulima cooperative society for the month of November 2019.

1<sup>st</sup> Nov: 1200 new members joined the society each paying sh 300 entrance fees and sh 800 for share capital required as minimal in cash.

6<sup>th</sup> Nov: The accountant banked sh 66000 into the account at cooperative bank

10<sup>th</sup> Nov: Received a credit notice in respect of dividends from investments sh. 60,000

13<sup>th</sup> Nov: Received a cheque No: A047 of sh 140,000 from a member to be distributed as follows: shares 50,000, loan principal payment sh 70,000, interest on loan 20,000

18<sup>th</sup> Nov: Loan approval to Mwangangi cheque No A124 sh. 250,000

22<sup>nd</sup> Nov: Received cash payment for loan due as follows:

Sh: 82,000 for principal amount &]

Sh 15,000 for interest on loan

27<sup>th</sup> Nov: Sent invoice for transport due to Chuka academy school sh, 90,000

Required to record the above transactions in a journal. [14 marks]

2. (a) Keroka cooperative societal ltd has provided the following information for the year ended 30<sup>th</sup> September 2019.

## Receipts &amp; payment statement month

Receipts	Sh (000)	Payments	Sh(000)
Share capital	8,400	Share in DCC Bank	3,000
Share fees a/c	420	Purchases of consumer goods	12,000
Zizi marketing society	3,000	DCC Bank current a/c	3,000
Janata Bazar	3,750	Stationery	225
DCC Bank current a/c	2,550	Loans to members:-	
Interest members loan	75	A 7,500	
Sale of consumer goods	11,400	B 9,000	
		C 6,000	
DCC Bank crop loan a/c	30,000	D 3,000	
Sale of fertilizer	4,650	E 4,500	
Loans received: -		F 2,400	
B 1500		G 1,500	
F 600		H 300	
H 225	2,325	I 150	
Share suspense	1,575	J 750	35,100
		Furnitures	450
		Purchase of fertilizers	3,000
		Postage	15
		Board meeting expenses	25
		Share. Suspense a/c	945
		Transport charges fertilizer	450
		Payment shares (state Federation)	750
		Rent advance	300
		Electricity charges	10
		Salaries	300
	<u>68,145</u>		<u>68,145</u>

**Required to prepare:**

- (a) Income statement of the cooperative society for the year ended 30<sup>th</sup> September 2019. [10 marks]

(b) Statement of financial position as at that date. [10 marks]

3. (a) Uchumi Cooperative Society has undermentioned transactions during the month of November 2019 (cs 5012). The society operates an account with cooperative bank ltd Harambee avenue branch Nairobi.

Nov 1<sup>st</sup>: Share capital paid in cash 20,000  
 Nov 2<sup>nd</sup>: Banked 20,000  
 Nov 3<sup>rd</sup>: Fixtures and fittings bought (cheque No 634) sh 5,000  
 Nov 7<sup>th</sup>: Purchased stores by cheque sh 7,000 (cheque No 634)  
 Nov 10<sup>th</sup>: Sold goods on credit to members sh 1,300  
 Nov 14<sup>th</sup>: Withdrew from bank sh 3,000 (cheque No 636)  
 Nov 16<sup>th</sup>: Sold fertilizer in cash sh. 11,000  
 Nov 17<sup>th</sup>: Banked sh. 11,000  
 Nov 18<sup>th</sup>: Paid rent by cheque sh. 2,400 (cheque No 637)  
 Nov 23<sup>rd</sup>: Purchased goods on credit sh. 6,900  
 Nov 25<sup>th</sup>: sold seeds to members on credit sh 7,900  
 Nov 27<sup>th</sup>: a member paid by cheque sh 3,800 (cheque No 1050)

Required:

- (i) Cooperative society cash journal [8 marks]
- (ii) Loose ledger non-cash [8 marks]
- (b) Explain what constituted Member Transaction System (M.T) in cooperative accounting. [4 marks]
4. (a) Describe the various types of budgets necessary to be prepared in a cooperative society. [8 marks]
- (b) Mtwapa cooperative society gives loans to its members. For the first quarter the cooperative needs to be assisted by its banker for being lended cash to be advanced to its members. The following are relevant budget figures for year 2020.

Month	Loan to customers	Bank loan to coop	Wages to employees
	Sh 000	Sh 000	Sh 000
November	60,000	42,000	4,000
December	64,000	48,000	5,000
January	36,000	40,000	4,000
February	58,000	70,000	3,000
March	42,000	45,000	5,000

- (i) The opening cash balance on 1<sup>st</sup> January is expected to be sh 9,000,000
- (ii) The cooperative lends to its members at the rate of 12% interest on principal amount payable on ½ in the month following the month of lending and the other half in the second month.

- (iii) Bank loan to cooperative is repaid back with interest of 5% on the following month of the lending.
- (iv) Wages of staff is paid on the last day of each very month.
- (v) In month of February one debtor (member) died and failed to pay debt due of sh 12,000 which was written off as non-performing loan.

Required: cash budget of cooperative society for the 1<sup>st</sup> quarter (Jan, Feb, & March) 2020. [12 marks]

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