

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR
OF COOPERATIVE MANAGEMENT**

BCOP 241: COOPERATIVE ACCOUNTING

STREAMS: BCOP Y2S1

TIME: 2 HOURS

DAY/DATE: FRIDAY 06/12/2019

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- Answer question one and any other two.

QUESTION ONE

- (a) Explain the contents of the full set of financial statements in a co-operative society. (10 marks)
- (b) The following transactions were in the books of the ledger of Wanandegge Sacco Ltd.

2003

- March
- 1 In members deposited in bank Kshs. 5,300,000 out of which Kshs. 1,200, 000 related to shares
 - 2 Bought goods on credit from Hesabu Kshs. 326,000.
 - 3 Paid rent by bank Kshs. 28,000
 - 4 Loaned Kshs. 800,000 of the cash to members at 15% rate payable in 1 month.
 - 5 Interest on loan issued on 4th was repaid Kshs. 94,000
 - 7 Bought spares Kshs. 16,000 paying by cheque.
 - 11 Loaned Kshs. 51,000 at 15%.
 - 17 Loaned Mwololo Kshs 32,000 at 15%.
 - 20 Paid for repairs to the building by cash Kshs. 18,000
 - 27 Paid Hesabu by cheque Kshs. 279,000
 - 30 Paid motor expenses in cash Kshs. 15,000. Loan issued on 4th were repaid.
 - 31 Bought fixtures Kshs. 120,000 on credit from R West.

Required: Post into ledger accounts and extract a trial balance

(14 marks)

- (e) Explain three major reports made by cooperative accountants. (6 marks)

QUESTION TWO

- (a) Explain major accounting systems found in a cooperative accounting. (6 marks)
- (b) The following comparative balance sheet relates to Hazina cooperative Ltd.

**HAZINA COOPERATIVE LIMITED
BALANCE SHEET
AS AT 31ST DEC 2013**

	2013	2012
	Ksh. 000	Ksh.000
Cash	1,800	1,100
Receivable	1,750	1,300
Inventory	1,600	1,900
Plant Asset	1,900	1,700
Accumulated Depreciation	(1,200)	(1,170)
Long term Investments	<u>1,300</u>	<u>1,470</u>
	<u>7,150</u>	<u>6,300</u>
Accounts payable	1,200	800
Accrued Liabilities	200	250
Bond Payable	1,400	1,650
Member Capital	1,900	1,700
Retained Surplus	<u>2,450</u>	<u>1,900</u>
	<u>7,150</u>	<u>6,300</u>

Income statement for the period ended 31st Dec 2013

Sales	6,900
Cost of goods sold	<u>4,700</u>
Gross Profit	2,200
Less: Operating Expenses	
Selling and Administrative expenses	<u>930</u>
Income from operations	1,270
Other venues and gains	
Gain on sale of investments	<u>80</u>
Income before tax	1,350
Income tax expense	<u>540</u>
Net income	<u>810</u>

Additional Information

- (i) During the year member share capital worth Sh. 70,000 were issued in exchange plant asset.

Required:

- (a) Prepare the statement of cash flow for the year ended 31st December 2013 using the indirect method according to IAS 7. (14 marks)

QUESTION THREE

The books of XYZ producer cooperative Ltd showed the following balances as at 31 March 2018.

	Shs.
Opening stock of tea	100,000
Purchases – Tea	400,000
Salaries paid	80,000
Buildings	95,000
Cash in hand	2,000
Cash at bank	135,000
Rent, rates and councils taxes	15,000
Insurance premium paid	3,000
Miscellaneous receipts	10,000
Sales	720,000
Discount allowed	4,750
Bad debts	3,250
Building repairs	2,900
Miscellaneous expenses	8,700
Advertisement	20,000
Commission to sales manager	32,400
Furniture and fittings	35,000
Air conditioners	30,000
Sundry debtors	100,000
Sundry creditors	80,000
Loan on mortgage	70,000
Interest paid on the above	3,000
Prepaid expenses	4,000
Drawings	18,000
Bills payable (current liability)	30,000
Bank charges	2,000
Legal charges	6,000
Motor vehicles	80,000
Travelling and conveyance	10,000
Member shares	280,000

The following further information was obtained:

1. Closing stock was Shs. 22,000.
2. Further bad debts of Shs. 5,000
3. Provision for bad debts is to be created at 2% of net amount outstanding from trade debtors.
4. Depreciation is chargeable as follows:

Building	5%
Furniture and fittings	15%
Air conditioners	10%
Motor vehicles	20%
5. Accrued traveling amounted Kshs. 1,500 and prepaid legal fees amounted to Kshs. 1,100.

Required:

- (i) Prepare statement of income and expenditure for the year ended 31st March 2016 and financial position statement as at that date. (20 marks)

QUESTION FOUR

- (a) Discuss ten factors considered in liquidity management of savings and credit cooperative societies. (10 marks)

- (b) The following balances were extracted from the books Watamu milk Co-operative Society on 1 January 2018.

Ksh. Cash at bank 319,000

Cash in hand 82,000

Transactions for the month of January 2018 were as follows:

- January 2 sold milk for cash Ksh. 15,000.
- Deposited Ksh. 85,000 into the bank account
- Bought fuel for Ksh. 6,000 in cash.
- 1040 members joined the society and paid cash Ksh. 4,000 as shares each and Ksh. 800 each as entrance fees.
- Received a cheque for Ksh. 153,000 from K.C.C Ltd for milk delivered.
- Withdrew Ksh. 160,000 from bank for office use.
- Paid members Ksh. 70,000 cash for milk delivered.
- Paid wages Ksh. 24,000 in cash.

Prepare a cash book with analysis columns for cash and bank. (10 marks)
