

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF CO-OPERATIVE MANAGEMENT.

BCOP 241: CO-OPERATIVE ACCOUNTING

STREAMS: BCOP Y2S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 7/12/2017

11.30 A.M - 1.30 P.M.

INSTRUCTIONS:

- Answer Question ONE and any other TWO Questions.

QUESTION ONE

(a) Write short notes on the following accounting principles as used in cooperative accounting.

- (i) Going concern [2 Marks]
- (ii) Accrual concept [2 Marks]
- (iii) Historical cost [2 Marks]
- (iv) Monetary assumption [2 Marks]

(b) The following transactions were extracted from the books of Chuka Cooperative Society.

- June 2, 2014: The members Peter, Kamau and Joseph and Clara joined the cooperative with Kshs.2,000 each.
- June 5, 2014: The above members paid in deposits as follows: Peter Kshs.10,000. Kamau Kshs.12,000, Joseph Kshs.20,000 and Clara Kshs.30,000
- June 10, 2014: Cooperative lend Peter and Clara Kshs.60,000 each at 10% p.a simple interest payable in a fortnight for three months.
- June 15, 2014 Borrowed Kshs.200,000 from KCB Ltd.
- June 18, 2014 Paid salaries to employees KShs.1,000
- June 21, 2014 Paid water bill of Kshs.800
- June 30, 2014 Received the first loan installments

Required:

Record the transactions in the daily journal and hence extract the Trial Balance. [16Marks]

(c) Explain the typical accounting systems found in a cooperative society. [6 Marks]

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QUESTION TWO

- (a) Explain any three reasons why there is need for an accounting system in a cooperative. [3 Marks]
- (b) The following Trial Balance was extracted from the books of Pangani Sacco Society as at 30th September, 2016

	Dr	Cr
Member share		200,000
Commissions		15,200
Member loans	210,700	
Other debtors/creditors	48,000	14,900
Motor van expenses	3,600	
Salaries and wages	45,000	
Advertising expenses	11,720	
Interest income		270,000
Rent and rates	9,300	
Bank	36,120	
Motor van	48,000	
Telephone & Stationery	6,480	
Interest charge/application fees	4,480	3,300
Furniture & Fittings	<u>80,00</u>	
	<u>503,400</u>	<u>503,400</u>

Additional information:

- Depreciate furniture at 20% p.a
- Create provision for non-performing loan at 5%
- Rates paid in advance amounted to Ksh.2000
- Outstanding wages and salaries as at 30th September, 2016 amounted to Kshs.6,000

Required:

- Income and expenditure account for the period ended 30th September, 2016. [10 Marks]
- Balance sheet as at 30th September, 2016. [7 Marks]

QUESTION THREE

- (a) The balance sheets of Mkulima Cooperative as at 31st December 2012 and 31st December 2013 were as follows: -

	2012 '000'	2013 '000'
Non-Current Assets		
Fixed deposit account	14,600	22,000
Investment at cost	2,000	1,000
Current Assets		
Inventory	1,600	2,200
Member loans	2,200	3,600
Cash at bank	400	600
	<u>20,800</u>	<u>24,400</u>
Equity and Liabilities		

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Members shares	10,000	13,400
Retained surplus	6,000	7,800
<u>Non-Current Liabilities</u>		
10% Loan	2,000	3,000
<u>Current Liabilities</u>		
Other payables	1,400	1,600
Bank Overdraft	800	2,800
Proposed dividends	600	800
	<u>20,800</u>	<u>29,400</u>

Required:

A cash flow statement for the year ended 31st December 2013, using indirect method. [16 Marks]

(b) Explain the uses of general journal. [4 Marks]

QUESTION FOUR

(a) Differentiate between investor oriented accounting and cooperative accounting. [8 Marks]

(b) Explain the contemporary accounting challenges faced by cooperative in Kenya. [12 Marks]

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