

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS
RESIT/SPECIAL EXAMINATION
**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COOPERATIVE MANAGEMENT**
BCOP 241: CO-OPERATIVE ACCOUNTING**STREAMS: Y2S2****TIME: 2 HOURS****DAY/DATE: THURSDAY 26/07/2018****11.30 A.M. – 1.30 P.M.****INSTRUCTIONS:**

- Answer question ONE and any other TWO questions.

QUESTION ONE

- (a) Explain the typical accounting systems found in cooperative society. (6 marks)
- (b) The following trial balance was extracted from the books of Patel Sacco society as at 30th September 2015.

	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 and stationary	6,480	

Interest/application fee	4,480	3,300
Furniture and fittings	<u>80,000</u>	<u> </u>
	<u>503,400</u>	<u>503,400</u>
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Additional information

- (i) Depreciation furniture at 20% p.a.
- (ii) Create provision for non-performing loan at 5%
- (iii) Rates paid in advance amounted to Ksh. 2000
- (iv) Outstanding wages and salaries as at 30th September 2015 amounted to Ksh. 6,000

Required

- (i) Income and expenditure account for the period ended 30th September 2015. (12 marks)
- (ii) Balance sheet as at 30th September 2015. (8 marks)
- (c) Explain the limitations of standardized accounting system in co-operatives. (4 marks)

QUESTION TWO

A group of local gardeners organized a cooperative to obtain bags of fertilizers. The cooperative bought fertilizers by the truckload for Ksh. 100 per bag and non-members fro Ksh. 180 per bag.

The following transactions occurred on May 7:

- (1) Joan, member number 124 paid cash for 40 bags of fertilizers.
- (2) Jackson, member number 243 paid cash for 70 bags
- (3) A new filing cabinet was delivered. Invoice 4021 for Ksh. 1,500 is due to office fitters with terms of 2/10 net 30.
- (4) Cheques number 221 fro Ksh. 50,000 is sent as payment for 500 bag of fertilizer from Mory's much, invoice 4329 dated April 1794.
- (5) Placed an add in the weekend garderner for an upcoming sale. Cheque number 222 for Ksh. 5,000 was paid with invoice number 1794.
- (6) Joe, member number 97 paid Ksh 5,000 for does, which were charged on April 1.

- (7) Allen, a non-member purchased 10 bags of fertilizer.
- (8) Supplies were purchased from office outfitters for Ksh. 2,500 cash, invoice 4105
- (9) Thomas, member number 187 purchased 120 bags of fertilizers and charged them to his account.
- (10) One worker was paid for 20 hours at Ksh. 550 per hour, cheque number 223.

Required

Record the above transactions in the co-operative daily journal and post in the general ledger. (20 marks)

QUESTION THREE

- (a) Explain the purchase of budgeting in a co-operative society. (4 marks)
- (b) Explain the recording of member shares, loan to members and deposits in the books of account. (6 marks)
- (c) The balance sheet of Kakawa cooperative as at 31st December 2014 and 31st Dec 2015 were as follows:

	2014	2015
<u>Non-current Assets</u>	‘000’	‘000’
Fixed deposit A/c	14,600	22,000
Investment at cost	2,000	1,000
<u>Current Assets</u>		
Inventory	1,600	2,200
Member loans	2,200	3,600
Cash at bank	<u>400</u>	<u>600</u>
	20,800	29,400
	=====	=====
	<u>2014</u>	<u>2015</u>
<u>Equity and liabilities</u>		
Member shares	<u>10,000</u>	<u>13,400</u>
Retained shares	6,000	7,800
<u>Non-current liabilities</u>		
10% loan	2,000	3,000
<u>Current liabilities</u>		
Other payables	<u>1,400</u>	<u>1,600</u>
Bank overdraft	800	2,800

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Proposed dividends	<u>600</u>	<u>800</u>
	20,800	29,400
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Required:

A cash flow statement for the year ended December 2015, using indirect method. (10 marks)

QUESTION FOUR

- (a) Discuss intensively the recent development in the cooperative movement and the implication in accounting. (12 marks)
 - (b) Differentiate between investor oriented accounting and cooperative accounting. (8 marks)
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