

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

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

**BCOP 241: COOPERATIVE ACCOUNTING**

**STREAMS: Y2S1**

**TIME: 2 HOURS**

**DAY/DATE: WEDNESDAY 18/12/2024**

**2.30 P.M – 4.30 P.M**

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**INSTRUCTIONS:**

**Answer question ONE and any other TWO only**

**Do NOT write anything on the question paper**

**QUESTION ONE**

- a) New Tharaka-Nithi Cooperative Society has provided the following data from the accounting department for the year ended on 31<sup>st</sup> March 2024.
- 1) Gross revenue for the year sh 320,000,000
  - 2) Cooperative firms are taxed at 20% of the profits
  - 3) Net patronage profits available for patronage members is estimated to be 40% of net profits after tax.
  - 4) The cooperative society on 31<sup>st</sup> March 2024, had 1,000 members out of who 5 are also patronage members. They are Q, R, X, Y and Z whose trading are sh 5,000, 10,000, 15,000, 20,000, 20,000 respectively
  - 5) Shareholding contribution as at 31<sup>st</sup> March 2024 stands as sh 100,000 which can be valued in terms of shares of sh 10 each as by the by-laws.

**Required:**

- i. Patronage earning of each of the five patronage members
- ii. Earning Per Share (EPS) for the cooperative
- iii. Dividends in shillings for Mr. F whose contribution is sh 52,000

- b) Describe the main accounting provisions governing the keeping of accounts records of cooperative societies in Kenya as stipulated by cooperative societies act.

### QUESTION TWO

- a) Cooperative accounting has several distinct characteristics that differentiate it from other forms of accounting. Describe those key features of cooperative accounting. (10 marks)
- b) Tharaka-Nithi Cooperative society was established by farmers of Tharaka-Nithi County to help in acquiring the farm inputs used in the farms, collection of farmers produces and selling on them on their behalf. The society has 4 society branches and the types of produce and farm inputs required are detailed bellow

Branches	Products produced	Farm inputs demands	Number of members
Chukka township	Coffee, Tea, milk, poultry.	Fertilizer, farm tools, pesticides	80
Mitheru	Coffee, Tea, milk, maize, poultry.	Fertilizer, farm tools, pesticides, Machinery	500
Chororia	Coffee, Tea, Milk, Maize, Goats	Fertilizer, farm tools, pesticides, Machinery, Agrovvet	1,000
Kambadi	Coffee, Tea, Milk, Maize, Poultry, Pigs	Fertilizer, farm tools, pesticides, Machinery, Agrovvet	1,000

**Required.** Develop a standard computerized cording system (Specialized Accounting System SAS) that can identify branch, produce collected, inputs supplied, member number on how it can appear in the ledger accounts. (10 marks)

### QUESTION THREE

- a) Describe the following accounting concepts and how they are important for reporting for cooperative societies financial revenues and position. Give examples of their applications in the books of accounts
- i. Money measurement (4 marks)
  - ii. Accrual aspect (4 marks)
  - iii. Dual aspect (4 marks)

- b) Chogoria Cooperative Society has provided the following transactions during the month of October 2024 (CS 792DM). The society operates an account with cooperative bank ltd Meru branch

October 1st: Share capital paid in cash 100,000

October 2nd: Banked 100,000

October 3rd: Fixtures and fittings bought (cheque No 234) sh 44,000

October 7th: Purchased stores by cheque sh 62,000 (cheque No 235)

October 10th: Sold goods on credit to members sh 70,000

October 14th: Withdrew from bank sh 17,000 (cheque No 236)

October 16th: Sold fertilizer to the farmers in cash sh. 85,000

October 17th: Banked sh. 28,000

October 18th: Paid rent by cheque sh. 15,500 (cheque No 237)

October 23rd: Purchased goods on credit sh. 29,000

October 25th: sold seeds to members on credit sh 45,000

October 27th: a member paid by cheque sh 39,000 (cheque No 490)

**Required:** Cooperative society cash journal

[8 marks]

#### QUESTION FOUR

- a) Igembe Miraa Cooperative society was purposely formed to buy miraa from the farmers and sale it on their behalf. The following information was extracted from the accounts records of the society for purpose of projecting its budget of the year end of 2024

Projected information from August to December 2024

Month	Sales sh 000	Purchases sh 000	Wages sh 000	Operating. cost sh 000
August	360,000	280,000	40,000	26,000
September	360,000	240,000	44,000	25,000
October	400,000	320,000	34,000	26,000
September	280,000	280,000	32,000	27,000
December	520,000	440,000	40,000	33,000

Additional information.

- The company is expecting to have an opening cash balance of sh 20,000,000 on 1st October 2024.

2. The society purchases the miraa on credit from the farmers and pays them 50% cash on the end of the month of purchase and the balance on the subsequent month
3. The miraa is sold to registered brokers in Somalia where the policy is to receive a payment of 25% in cash and the balance in one month later
4. Payment of wages is done on every 2<sup>nd</sup> of the subsequent month if it falls on weekend or public holiday then it is done on following working day
5. Receive of government grants from hustler fund sh 15,000,000 in September
6. Purchase of motor vehicles in September sh 160,000,000
7. Income tax is payable in December sh 110,000,000 and dividends payment to farmers sh 140,000,000
8. Operating cost is payable on the last day of each respectable month

**Required** to prepare the projected cash budget for October to December 2024.

(15 marks)

b) Highlight Five importance of budgets in an organization

(5 marks)

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