

THE CO-OPERATIVE UNIVERSITY OF KENYA
COCM 2107 CO-OPERATIVE ACCOUNTING II
OCTOBER 2019 SUPPLEMENTARY/SPECIALS
DIPLOMA IN CO-OPERATIVE MANAGEMENT

INSTRUCTIONS:

**ANSWER QUESTION ONE AND TWO OTHERS.SHOW YOUR WORKINGS
CLEARLY.**

Q1. Write short notes on the following;

- a) i) Amalgamation of co-operative societies (6MKS)
 - ii) Division of co-operative societies
 - iii) Liquidation of co-operative societies
- b) List and explain three types of amalgamations (8mks)
- c) List and explain the benefits of division of co-operatives (6mks)
- d) i) Define a budget in a cooperative setup (2mks)
 - ii) List five types of budgets (5mks)
- e) List and explain three functions of the trial balance in a co-operative society (3mks)

Q2. Use the information given below for Mwalimu Matatu Sacco, for the period ended 31st December 2018.

Sales of Transport	501-001	243,000
Fuel Purchase	501-141	41,900
Wages & Salaries	501-131	28,000
Cash in Hand	000-874	54,500
Cash at Bank	000-871	57,000
Vehicles	000-8717	1,850,000
Insurance expense	501-173	55,000
Sundry expense	501-199	1,000
Stationary	501-198	600
Share Capital	000-901	260,000
Coop. Bank Loan	000-927	1,500,000
Creditors	000-961	145,000

Required:

a) Prepare an all inclusive trial balance for Mwalimu Matatu Sacco for the period ended 31st December 2018 (12mks)

b) List and explain Six (6) reasons for preparing a budget (8mks)

Q3. The following information was extracted from the ledger accounts Co-operative University Sacco limited.

Share Capital	10,000,000
Entrance Fee	300,000
Loans to members	14,500,000
Debtors	2,500,000
Investment in shares	4,500,000
Wages & Salaries	3,635,000
Insurance	776,000
Rates	785,000
Investment Income	2,250,000
Interest on members loans	22,862,000
Cash at Bank	446,000
Equipment	1,100,000
Buildings	7,500,000

Additional Information

1. Kshs.25,000/= and Kshs.54,000/= where outstanding in respect of Insurance & salaries respectively.
2. Rates paid in advance amounted to Kshs.65,000/=
3. Investment income of Kshs.20,000/= earned had not yet been received
4. Provide for Depreciation at 15% on Equipment and 20% on Motor Vehicle.

Required:

a) Prepare a Worksheet to show the Adjusted Trial Balance and clearly indicate your workings in the answer booklet. (15Marks)

b) List and Explain any Five the Current Trends in the Co-operative Societies. (5 Marks)

Q.4 The following information relates to Dudu Sacco Society Ltd as at 31st December 2018

Items	Dr	Cr
Interest on members loans		387,720
interest received from deposit		4,500
Rent received		10,800
Long term loan		150,000
Chare Capital fully paid		660,000
Entrace fee		20,400
Statutory Reserve		57,000
Appropriation A/C		87,000
Salaries & Wages	36,000	
Travel Allowance	10,800	
Committee Sitting Allowance	16,500	
Bank Charges	1,080	
Interest on Loans	5,400	
Printing & Stationery	5,640	
Rates	10,800	
Legal Fee	15,300	
Repairs to Equipment	30,000	
Rental Buildings	900,000	
Equipment & Machinery	240,000	
Investment in shares	29,400	
HFCK deposit	78,000	
Pre-payment	1,500	
Sundry Creditor		9,000
Cash in Hand	6,000	
	1,386,420	1,386,420

Additional information

1. Provision for Audit Fee Kshs.15000/=
2. 0.05% of the Net surplus should be transferred to a Capital reserve Fund
3. Provision for Depreciation for the shares at the rate of 2%
4. Salaries & Wages Accrued amounted to shillings Kshs.4,000/=
5. Provision for Supervision fee (10% of Audit)
6. Investment Income earned but not yet received amounted to Kshs.10,000/=
7. Provision for Committee honorarium of Kshs.50,000/=
8. Statutory Reserve should be provided as per the requirements of the Co-operative Society Act (20%)

Required

- a) Prepare an Income & Expenditure A/C for the year ended 31st December 2018 (8 Marks)
- b) An appropriation A/C for the period ended 31st December 2018 (6Marks)
- c) Statement of Financial position as at 31st December 2018 (6Marks)

Q5.a)List and Explain six Uses of the Cash flow Statement. (6 Marks)

b) The following balances appeared in the Books of One can Farmers Co-op. Society Ltd in respect of its Coffee Activity.

	Sh '000'
Sales of clean Coffee	500.00
sale of Mbuni	9.90
Payment to producers	460.00
Marketing charges & commission	5.00
Transport charges	10.00
Salaries to Permanent staff	14.00
Wages to Casual Labourers	305.00
Depreciation	2.00
General expenses	1.00

Required: Prepare an Activity Income Statement for the Society. (7Marks)

- c) Explain 7 features of a good Budget. (7 Marks)