



The Co-operative University of Kenya

END OF SEMESTER EXAMINATION JUNE -2018

EXAMINATION FOR THE CERTIFICATE IN CO-OPERATIVE MANAGEMENT

UNIT CODE: CCM 1110

UNIT TITLE: CO-OPERATIVE ACCOUNTING

DATE: 4TH JUNE, 2018

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) Explain the benefits members derive from a co-operative society with a sound accounting system (5 marks)
- (b) Define the following terms;
 - i. Standardized Accounting System (2 marks)
 - ii. Accounting plan (2 marks)
 - iii. Member Transaction System (2 marks)
- (c) Explain the steps followed when giving loans to members (7 marks)
- (d) Identify and discuss the major registers used in co-operative organisation (6 marks)
- (e) Explain the importance of Co-operative Accounting to:
 - i. Co-operative society (3 marks)
 - ii. Staff members (3 marks)

QUESTION TWO

The information below related to Majani Co-operative Society C.S No.2440 in respect of its transport activity for the month of July 2017. The society operates an account at the Co-operative Bank Karen branch.

Additional information:

- i. Opening balances cash in hand 400
- ii. Cash at bank 12,600
- iii. Motor vehicle 185,000
- iv. Share capital 20,000
- v. Loans from co-operative bank 160,000
- vi. Creditors 18,000
- vii. Transactions for the month July were:
 - 2nd purchased fuel for sh.900 by cheque No.901
 - 4th repaid bank loan for sh.10,000 by cheque No.902
 - 6th purchased fuel by cash sh.800
 - 10th paid salaries sh.1, 400 by cash
 - 12th paid sundry expenses sh.160 cash
 - 13th bought fuel by cash sh.940
 - 18th banked sh.3000
 - 19th paid creditors by cheque sh.3500 cheque No.903
 - 20th purchase fuel on credit sh.850
 - 22nd received from transport sh.12000 by cash
 - 23rd banked sh.10000
 - 23rd paid insurance by cheque No.904 sh.5500
 - 24th paid salaries sh.1, 400 by cash

- 26th received from transport sh.6000 by cash
- 28th bought fuel by cash sh.700
- 31st paid for the fuel bought on credit on 20th by cash

Required:

- (a) Enter the transactions into the cash journal (15 marks)
- (b) Explain the advantages of Loose Leaf Ledger system in Co-operative Society. (5 marks)

QUESTION THREE

- (a) Define the term activity (2 marks)
- (b) Identify what each of the X's in numbering accounts stands for;
X XX – X X X (5 marks)
- (c) Discuss the components of Standardized Accounting System (6 marks)
- (d) Explain produce recording process under MT Sacco (7 marks)

QUESTION FOUR

- (a) Distinguish between cash and non cash transactions (4 marks)
- (b) State the advantages of Standardized Accounting System (5 marks)
- (c) Naboka Matatu Co-operative wants to design a budget for the year 2017/2018. What features should this budget consist? (5 marks)
- (d) Challenges facing co-operative organizations in coming up with a budget (6 marks)

QUESTION FIVE

- (a) Member transactions have been designed to achieve some objectives. Discuss. (8 marks)
- (b) Identify and explain THREE forms and equipment used in produced recording in a MT system (6 marks)
- (c) List FOUR types of member transaction system (4 marks)
- (d) State TEO users of accounting information (2 marks)