



The Co-operative University of Kenya
END OF SEMESTER EXAMINATION JUNE -2018

EXAMINATION FOR THE DIPLOMA IN CO-OPERATIVE MANAGEMENT

UNIT CODE: COCM 1110

UNIT TITLE: CO-OPERATIVE ACCOUNTING I

DATE: 4TH JUNE, 2018

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

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

QUESTION ONE

- a) Define Co-operative Accounting. (2 Marks)
- b) The information below relates to Maendeleo Co-operative society C.S. No. 3001 in respect of its transport activity for the month of June 2017. The society operates an account at the Co-operative Bank. The opening balances were:

Cash in hand	4,000
Cash at bank	126,000

Transactions for the month were:

- 2nd purchased fuel by cheque No. 301 sh. 9000 (225-146)
- 4th repaid bank loan for sh. 100,000 by cheque No. 302
- 5th received from transport sh. 6,300 cash (225-002)
- 6th purchased fuel by cash sh. 8,000
- 10th paid salaries sh.14, 000 by cash
- 12th paid sundry expenses sh. 160,000 cash
- 13th bought fuel by cash sh. 9,400
- 14th Nov withdrew sh.3,000 from the bank cheque No 303
- 14th Nov paid rent by cheque No 304 sh.6,000(000-198)
- 15th Nov received transport incomes of sh.2800
- 16th Nov purchased goods on credit sales sh.6900
- 17th Nov sh.3000 was withdrawn from the bank cheque No305.
- 18th Nov Salaries paid in cash sh.2900
- 18th Nov Members paid in cash for goods previously bought on credit sh.2,400
- 19th banked sh.300, 000
- 19th paid creditors by cheque No. 306 sh. 45,000
- 21th purchase fuel on credit sh.25, 000
- 22nd received from transport sh. 120,000 by cash
- 23rd banked sh. 100,000
- 24rd paid insurance by cheque No. 307sh. 55,000
- 25th paid salaries sh. 14,000 by cash
- 27th received from transport sh.6000 by cash

29th bought fuel by cash sh.7000

30th paid for the fuel bought on credit on 21th by cheque308.

Required:

- a) Draw up a cash journal to record the above transactions for Mambo Cooperative Society (20 Marks)
- b) What are the major provisions of Co-operative Societies Act relating to Co-operative Accounts (3Marks)
- c) Discuss five accounting principles that are applied in Cooperative Accounting (5 Marks)

QUESTION TWO

Record the following transactions in a journal (10 Marks)

- i. 700 people registered in Faulu Sacco ltd on 1st May 2016. Each member paying sh. 600 and sh. 800 for registration fee and share capital respectively
- ii. On 6th May 2016 Grace paid sh. 68,000 by cheque and sh. 19500 in cash to Bomas Sacco to increase her share balances and repay part of the loan and interest as per the following analysis:

Loan repayment sh. 35,000

Interest on loan sh. 3,500

Shares sh. 19,500

- iii. On 15th May, 2016 Abduls erved a written notice of his desire to withdraw from the Sacco. His loan balance stood at sh. 120,000 while his share balance was sh 148,000. The interest on loan was at the rate of 15%.
 - iv. The Sacco received via cheque transport income worth sh 30,000 on 21st May.
 - v. The Sacco paid insurance worth sh.15,000 on 25th May.
 - vi. The society earned interest via a fixed deposit account of Ksh. 36,000 on 29th May.
 - vii. The society withdrew sh.50,000 at the end of the month.
- a) Four objectives of a Standardised Accounting System (4 Marks)
 - b) Discuss three registers used in Cooperative Societies (6 Marks)

QUESTION THREE

- a) Explain the types of Budgets (5 Marks)
- b) Biashara farmers' Co-operative Society operates a store for resale as its secondary activity. The sales income for the store activity for the previous year amounted to shs 750,000.due to increase in membership the society manager expects the sales income during the coming year shall be shs 880,0000.

The previous year's sales income was distributed into quarterly periods a follows

Period	3 Months	6 Months	9 Months	12 Months
Sales income (sh)	198,000	415,000	545,000	750,000

The co-operative society is expected to incur the following expenses in the coming year.

Purchases of good	228,000
Rent	120,000
Salaries	192,000
Transport cost	85.000
Water and electricity	12,000

Prepare a complete budget for Biashara Co-operative Society, stores activity for the coming year. (15Marks)

QUESTION FOUR

- Explain FOUR advantages and Disadvantages of standardized accounting system (SAS) to a Co-operative Society. (8 Marks)
- Discuss three types of member transaction system. (6 Marks)
- Illustrate an account number and indicate what each digit in the account number represents. (6 Marks)

QUESTION FIVE

- Discuss the procedure for produce recording and intake reconciliation (10 Marks)
- What are the features of a good budget (5 Marks)
- Explain the benefits of co-operative accounting to a co-operative society (5 Marks)