



The Co-operative University of Kenya

SUPPLEMENTARY / SPECIAL EXAMINATION AUGUST-2019

EXAMINATION FOR THE DIPLOMA IN CO-OPERATIVE MANAGEMENT

UNIT CODE: COCM 1110

UNIT TITLE: CO-OPERATIVE ACCOUNTING I

DATE: 29TH AUGUST, 2019

TIME: 2:30 PM – 4:30 PM

INSTRUCTIONS:

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

QUESTION ONE

- (a) Define the term “Co-operative Accounting”. (2 Marks)
- (b) Highlight and explain FOUR disadvantages of loose – leaf ledger system. (8 Marks)
- (c) Give the importance of Co-operative Accounting to:
- (i) Staff (5 Marks)
- (ii) Members (5 Marks)
- (d) Accounting plan based on a plan of number accounts using six digits. Explain what each digit designated by an X stand for.
- X X X - X X X
- (i) (ii) (iii) (iv) (v) (5 Marks)
- (e) List FIVE classes of accounts (5 Marks)

QUESTION TWO

- (a) Meru Dairy Farmers Co-operative Society Ltd operates a dairy and store. In the month of June, 2019 it had the following transactions taking place;=

June	1	Cash balances shs. 20,000. Bank balance sh. 50,000
	2	500 members paid sh. 500 each as share capital in cash
	3	Bought dairy processing materials sh. 5000 cash
	4	Deposited sh. 200,000 in the bank
	5	Paid rent sh. 6,000 cash
	7	Sold milk locally sh. 6,000 cash
	7	Deposited sh. 5,000 in the bank
	8	Purchased store for resale sh. 40,000 by cheques No. 0402
	10	Sold goods cash sh. 10,000
	11	Sold goods cash sh. 50,000
	12	Deposited shs. 50,000 in the bank
	14	Sold milk locally sh 8,000
	16	Borrowed a loan from Co-operative Bank of shs. 300,000 to purchase dairy equipment.
	17	Bought the dairy equipment cheque No. 0403
	18	Sold goods for resale cash sh. 10,000
	19	Purchased gppds for resale through cheque NO. 0404 for shs. 50,000
	20	Deposited sh. 10,000 in the bank
	21	Paid dairy staff salaries cash sh. 10,000
	22	Bought stationery sh. 10,000
	23	Sold goods on credit sh. 10,000

	24	Received milk statement with cheque attached sh. 500,500
	25	Paid committee allowance cash sh. 9,000
	26	Sold milk locally shs. 10,000
	27	Paid member for their milk by cheque No. 0405 sh. 490,000
	30	Paid rent sh. 6000 cash
	30	Paid transport cash sh. 6,000

Required;

Write up the cash journal for the month of June 2019. (20 Marks)

QUESTION THREE

- (a) Explain at least FIVE advantages of standardized accounting system. (15 Marks)
 (b) Explain TWO disadvantages of standardized accounting system. (5 Marks)

QUESTION FOUR

- (a) Mutheka Co-operative Society operated a Store for Resale as a Secondary activity. The sales income for the store was sh. 728,000 during the year 2010. Due to increase in membership the sales are expected to increase to sh. 850,000 in year 2018. The sales in year 2010 behaves as follows in the respective quarters of the year.

Period	3 months	6 months	9 months	12 months
Sales (shs)	198,500	414,000	536,000	728,000

The Society is expected to incur the following expenses in year 2011 in order to achieve the targeted sales

Purchase of goods	sh. 228,500
Rent	shs. 120,000
Transport	shs. 84,900
Water and electricity	shs. 1,250 (per month)
Salaries	shs. 192,500

Required;

- (a) Prepare a complete budget for Mutheka Co-op Society, store, activity for the year 2018. (15 Marks)
 (b) Define the term “reserve fund” giving examples of reserve funds maintained in Co-operative Societies. (5 Marks)

QUESTION FIVE

- (a) Highlight FIVE advantages of budget and budgetary control. (10 Marks)
 (b) Explain SEVEN advantages of loose leaf ledger system. (10 Marks)