



The Co-operative University College of Kenya
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

END OF SEMESTER EXAMINATION APRIL-2015

EXAMINATION FOR THE DIPLOMA IN CO-OPERATIVE MANAGEMENT
(DCM)

UNIT TITLE: CO-OPERATIVE ACCOUNTING 1

DATE: 27TH APRIL, 2015

TIME: 9.00 A.M. – 11. 00 A.M.

INSTRUCTIONS:

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

QUESTION ONE

The following information relates to Bidco Sacco Ltd No.2440 for the month of September

2009 Opening Balances were	
	Shs.
Cash	40, 000
Bank	1, 260, 000
Motor vehicle	18, 500, 000
Share capital	2, 000, 000
Creditors	1, 800, 000
Loan from Co-op Bank	16, 000, 000

The following transactions took place for the month of September

2 nd Sept	Purchased fuel sh.90, 000 by cheque No.801
4 th Sept	Repaid a bank loan of sh.1, 000, 000 by cheque No. 802
6 th Sept	Purchased fuel by cash 80, 000
10 th Sept	Paid salaries sh.140, 000 by cash
12 th Sept	Paid sundry expenses sh.16, 000 by cash
13 th Sept	Bought fuel by cash shs.94, 000
18 th Sept	Banked shs.300, 000
20 th Sept	Purchased fuel on credit shs.85, 000
22 nd Sept	Received from transport sh.1, 200, 000 by cash
23 rd Sept	Bankers shs.1, 000, 000
23 rd Sept	Paid insurance by cheque No.804 shs.550, 000
24 th Sept	Paid salaries shs.140, 000
26 th Sept	Received from transport sh.600, 000 by cash
28 th Sept	Bought fuel sh.70, 000 by cash
31 st Sept	Paid for fuel purchased on credit on 20 th by cash

Required:

- Prepare relevant ledger accounts and post them to the trial balance. (12 marks)
- Post the transactions in the cash journal. (8 marks)
- Income account is divided into six groups; identify this group and their codes. (10 marks)

QUESTION TWO

- Describe the development of co-operative accounting in Kenya. (6 marks)

- (b) The Co-operative Societies Act requires co-operative to maintain proper books of accounts which are in line with the international accounting standards and concepts. Briefly explain this concept as used in co-operative accounting. (8 marks)
- (c) Explain the THREE importance of budgeting in co-operative society. (6 marks)

QUESTION THREE

- (a) Explain reasons why an account in co-operative society is given six digits.(5 marks)
- (b) Explain the forms and documents used in recording of MT. coffee. (5 marks)
- (c) Record the following transactions in a cash journal

- i. On 1st July 2014 1500 members joined Uzuri Sacco each paying sh.200 entrance fee and sh.800 share capital in cash.
- ii. 2nd July the society received a cheque of sh.60, 000 from a member to be distributed as follows

	Sh.
Share capital	30, 000
Loan principal	25, 000
Loan interest	5, 000

- iii. In 7th July, received a loan from co-operative Bank sh. 500, 000
- iv. On 8th July purchased goods for resale worth sh.20, 000 paying half by cheque. (10 marks)

QUESTION FOUR

- (a) Before 1968, different co-operatives Societies had their own way of accounting. But since the government developed appropriate accounting system for the use in all co-operative societies. Explain reason behind this Government intervention. (10 marks)
- (b) Highlight the legal provision for the Co-operative accounting in the co-operative society act of 2005 and subsiding legislature. (10 marks)

QUESTION FIVE

- (a) Highlight the objectives of standardized accounting system. (10 marks)
- (b) Explain the merits of standardized accounting system. (10 marks)