



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 11

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

- (a) Outline the procedure followed by co-operative societies in dissolution of a society with specific reference to the Co-operative Societies Act. (10 marks)
- (b) The books of Uchumi Sacco had the following balances extracted as at 30th June 2012

	DR	CR
	Sh.	Sh.
Share capital		2,400,000
Entrance fee		78,500
Interest on members loan		1,292,000
Statutory reserve fund		190,500
Appropriation account		390,000
Rental income		55,000
Long term loan		550,000
Rental buildings	3,200,000	
Land	860,000	
Investment in shares	373,500	
Debtor members	46,800	
Cash in hand	29,500	
Salaries and wages	165,000	
Travel allowances	35,500	
Bank charges	9,500	
Committee sitting allowance	85,500	
Printing and stationery	33,000	
Repairs and maintenance	131,000	
Interest on loans	31,700	
Creditors		<u>45,000</u>
	<u>5,001,000</u>	<u>5,001,000</u>

The following additional information is provide to you as at 30th June 2012

- 30 members joined the society each paying shs.1, 200 and shs.800 for share capital and registration fees respectively. The entry had not been recorded in the books of accounts
- Accrued salaries and wages amounted to shs.8, 500.
- Accrued rental income was sh.3, 500
- You are to provide for audit fee at sh.40, 200 as had been agreed
- Prepaid insurance premiums amounted to sh.2, 300

Required:

Prepare a worksheet to show the adjusted Trial balance.

(20 marks)

QUESTION TWO

The following trial balance was extracted from the books of Bidii Sacco Society Ltde, as as 31st March 2014

	Ksh.	Ksh.
Co-operative Bank Ltd shares	250, 000	
Bank balance Savings account	352, 546	
Bank balance Current Account	848, 758	
Petty cash	50, 451	
Loan to members	9, 148, 975	
Dividends from co-operative bank ltd		500
Insurance premium payable to CIC Insurance		194, 935
Share capital		49, 000
Members deposit		10, 459, 383
Appropriation account brought forward	9, 233	
Entrance fee		294, 000
Statutory Reserve fund		24, 619
Provision for depreciation, 1 st April 2013		
Fixtures and equipments		29,100
Motor Vehicles		40, 000
Interest from; bank – bank		4, 376
Members loans		947, 876
AGM expenses	17, 140	
Education and training expenses	3, 112	
Book keeping services	60, 000	
Audit fees and related charges	34, 400	
Accrued audit fees and related charges		34,400
Fixtures and equipment	234, 700	
Motor vehicles	1,057,800	
Bank charges and commissions	11, 074	
	<u>12, 078, 189</u>	<u>12, 078, 189</u>

Additional information:

1. Corporation Tax for the year ended 31st March 2014 amounts to ksh.70, 000
2. Provision is made for supervision fee for during the year given that the audit fees provided included ksh.14, 000 payable for printing and stationery.
3. As at 31st March 2014, allowances payable to committee members amounted to ksh.130, 000. This amount was omitted from the books.
4. The management committee proposes to pay the following
 - Interest due to members – Ksh.450, 000
 - Dividends on deposits - Ksh.100, 000
 - Honoraria to committee members – Ksh.20, 000

Required:

- (a) Statement of income for the year ended 31st March 2014
- (b) Appropriation account for the year ended 31st March 2014
- (c) Statement of financial position as at 31st March 2014 (10 marks)

QUESTION THREE

Bidco savings and credits co-operative society balance sheets for the year ended 30th June 2012 and 2013 are as follows

	2013	2012
Issued share capital	9, 000, 000	7, 000, 000

Revenue reserve	3, 880, 000	3, 200, 000
Loan from co-op bank	3, 000, 000	2, 400, 000
Creditors	1, 400, 000	1, 300, 000
Taxation provision	1, 200, 000	1, 100, 000
Proposed dividends	400, 000	350, 000
	<u>18, 880, 000</u>	<u>15, 350, 000</u>
Fixed assets	8, 500, 000	7, 000, 000
Current assets		
Stock	6, 000, 000	5, 000, 000
Loan to members	1, 750, 000	1, 800, 000
Bank balance	<u>2, 630, 000</u>	<u>1, 550, 000</u>
	<u>18, 880, 000</u>	<u>15, 350, 000</u>

Additional information

1. Accumulated depreciation at 30th June 2013 was 2, 500, 000 and sh.2, 300, 000 at 30th June 2012.
2. During the year ended 30th June 2009 fixed assets were purchased at a cost of sh.2, 700, 000 while fixed assets whose original cost was sh.1, 000, 000 were disposed off for sh.750, 000. The net book value of the assets disposed were sh.400, 000 and the profit on the sale of the fixed assets has been included in the revenue reserve.

Required:

Prepare a statement of cash flow for the year ended 30th June 2013. (20 marks)

QUESTION FOUR

- (a) In most cases where societies amalgamate they want to achieve economies of scale. Out in practice this may not happen. Explain at least FIVE reasons why benefits of economies of scale may not be achieved. (5 marks)
- (b) Highlight FOUR powers of commissioner during dissolution of a co-operative society. (4 marks)
- (c) There are various kinds of amalgamation. Give and explain the most common kinds of amalgamation. (6 marks)

QUESTION FIVE

- (a) Highlight and explain the THREE budget setting styles used by co-operative society. (6 marks)
- (b) Assume that you have a sores activity whose income was sh.360, 000 for last year. We expect that due to increase in membership, these sales income in the following year will increase by sh.40, 000. The budgeted income for the following financial year would therefore be spread as follows:-

	3 months	6 months	9 months	12 months
Sales Ksh.	126, 000	225, 600	270, 000	360, 000

Suppose that we have the following information relating to the following year's expenses

	Shs.
Purchase of goods	150, 000
Transport of goods	30, 000
Salaries	24, 000
Rent	1, 800
Water and electricity	1, 600
Meals	1, 200

Required:

Calculate the budgeted contributions need for the whole year. (14 marks)