



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

**SUPPLEMENTARY/SPECIAL EXAMINATION -2016**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE  
BUSINESS**

**UNIT CODE: HCOB 2212**

**UNIT TITLE: PRINCIPLE & PRACTICE OF CO-OPERATIVE BANKING**

**DATE:**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

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

**QUESTION ONE**

- State and explain **THREE** principles used in Co-operative banking (6 marks)
- State and explain **FOUR** banking services offered to co-operative members (8 marks)
- Explain **THREE** objectives of having a good credit policy in all co-operative lending institution (6 marks)
- The following information was extracted from Kahawa Co-operative Society on 28<sup>th</sup> February, 2015
  - Activity name – coffee: members name: Jacob
  - Page No. 01, activity No. 006

<b>Date</b>	<b>Particular</b>	<b>Amount (Kshs)</b>
1/2/2015	Bal. b/f	
2/2/2015	Withdrawal voucher No. 305	
15/2/2015	Deposit voucher No. 214	
16/2/2015	Net payment journal/No. 05	
20/2/2015	Withdrawal voucher No. 60	
23/2/2015	Deposit voucher no. 113	
25/2/2015	Withdrawal voucher No. 120	
27/2/2015	Withdrawal voucher No. 1763	
28/2/2015	Cheque deposit voucher No.1001	

**Required:**

Post the above information in a member personal account (10 marks)

**QUESTION TWO**

- Explain the **FOUR** sources of funds for Saccos (4 marks)
- You have been appointed as the chairman of a loan committee in Sasa Sacco. Explain the factors considered before a warding a loan to member (6 marks)
- The following information relates to the savings of Mrs. Kyalo, a member of Maringo Co-operative Savings and credit society

<b>Date</b>	<b>Previous bal</b>	<b>Dr.</b>	<b>Cr</b>	<b>Balance</b>
<b>2014</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
20-Jan	-	-	9,909.00	9,909.00

24 – Jan	9,909.00	-	4,003.00	13,912.00
28 – Jan			6,506.20	20,418.20
3 – Feb			5,001.10	25,418.20
8 – Feb			4,043.10	29,462.40
10- Feb	7,341.30	-	-	22,121.40
20 – Feb	-		8,821.30	30,542.70
28 – Feb	-		7,003.10	37,545.80
3 – March	37,545.80	5,550.00	-	31,995.80
15 – March	31,995.80	6,650.00	-	25,345.80
5 – April	25,345.80	10,000.00	-	15,345.80
30 - April	15,345.80	-	1,500.00	16,845.80

The lowest earning balance is kshs 5,000 and interest is paid at 10% p.a

Required:

Calculate the interest for each of the four months of January, February, March & April 2014 (10 marks)

### QUESTION THREE

- (a) Discuss the conditions that a union should fulfill to operate a credit scheme (8 marks)
- (b) Aided by a diagram, explain the structure of a urban Sacco, outlining the role played by the following officers: (12 marks)
- Credit officer
  - Banking manager
  - Chief cashier
  - Chief accountant

### QUESTION FOUR

- (a) The Co-operative Bank of Kenya was registered in 1965 but never started its activities until 1968
- Explain the reasons the bank took 3 years to start its operation (6 marks)
  - Explain the recommendations that were reached that enabled the bank to take off (6 marks)
  - Explain FOUR control measures use in Co-operative banking section (8 marks)

### QUESTION FIVE

- (a) Kirurumo F.C.S deals with Coffee transportation, process and packaging of farmers coffee. Mr. Mutego is a member and has gone to the Sacco to apply for a loan required: Calculate:-
- Amount of each loan installment payable (2 marks)
  - Interest amount of each installment (4 marks)
  - Total amount payable for each installment (4 marks)
- (b) Briefly discuss loan repayment methods (10 marks)