



(Knowledge for Development)

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2022/2023 ACADEMIC YEAR**  
**THIRD YEAR FIRST SEMESTER**  
**MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF SCIENCE IN  
COOPERATIVE AND ENTREPRENEURSHIP MANAGEMENT**

**COURSE CODE: CMP 314**

**COURSE TITLE: COOPERATIVE ACCOUNTING 11**

**DATE: 19<sup>TH</sup> DECEMBER, 2022**

**TIME: 9.00AM - 11.00AM**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question One and any other TWO (2) Questions

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question **one** carries **30**marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

## SECTION A

### QUESTION ONE

- Explain **four** factors that may lead to division of a cooperative society (8mks)
- Highlight **three** users of co-operative societies relating to co-operative accounts (6mks)
- Explain **five** purposes of subsidiary ledgers in co-operatives (10mks)
- Explain **three** principles of accounting that apply in cooperative accounting (6mks)

## SECTION B

### QUESTION TWO

- Describe any **three** contemporary issues in cooperatives and explain the accounting implications (6mks)
- The following trial balance of Chai Sacco Ltd was prepared by an Accounts clerk. they requested you to help them make the financial statements.

Chai Sacco Ltd

Trial Balance as at 31<sup>ST</sup> December 2017

	Dr(shs)	Cr(shs)
Member shares		1,000,000
Member contribution		10,220,000
Member loans	5,000,000	
Cash at bank	2,500,000	
Cash in hand	500,000	
Salaries and wages	2,000,000	
Buildings	10,000,000	
Land	2,800,000	
Motor vehicle	700,000	
Bank loans		4,000,000
Electricity	70,000	
Interest Income		9,000,000
Furniture and fittings	600,000	
Stationery	50,000	
	<u>24,220,000</u>	<u>24,220,000</u>

Additional Information:

1. Make provision for non-performing loans at 2%.
2. Provide for depreciation on all non-current assets (depreciable) at 15% p.a.
3. Accrued electricity amounted to kshs.3500 while prepaid stationery was kshs.4000
4. The land was revalued to kshs. 3,000,000

Required:

Income and expenditure account and a balance sheet. (14mks)

### QUESTION THREE

- a) Explain **three** factors considered in determining the optimum level of cash to be held by a sacco (6mks)

- b) Kanduyi Credit Cooperatives lends to its members based on savings from them.

the following transactions took place in the month of January,2008.

January 1,2008: Joan paid in cash as part of her shares by Kshs.200,000

January 4, 2008: Jackson increased his shares by Kshs.200,000

January 6, 2008: The cooperative purchased a filing cabinet for Kshs.23,000

January 10,2008: Mulch borrowed a loan of Kshs.50,000 to be repaid in two months at 10% p.a.

January 15,2008:Placed an advertisement of Kshs.20,000 in the address newspaper.

January 20,2008: Joe added Kshs. 5,000 to his shares.

January 25,2008: Allan borrowed Kshs. 30,000 payable in a month at 10 % p.a.

January 30, 2008: Mulch and Allan paid off their loans. The cooperative bye-laws provided that the interest be paid then.

Required:

Record the above transactions in the daily journal. (14mks)

#### QUESTION FOUR

- a) Explain **three** accounting differences between a cooperative and profit centred firm (6mks)
- b) Identify **three** major registers used in co-operative organizations. (6mks)
- c) Explain **four** forms of cooperative societies found in Kenya (8mks).

#### QUESTION FIVE

- a) In cooperative societies the accountants use the encoding system of co-operative accounts. Explain in details the **five** coding systems. (10mks)
  - b) Discuss **five** documents used in member transaction systems. (10mks)