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**UNIVERSITY EXAMINATIONS  
2022/2023 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER  
SUPPLEMENTARY EXAMINATION  
FOR THE DEGREE OF BACHELOR OF SCIENCE IN  
COOPERATIVE AND ENTREPRENEURSHIP MANAGEMENT  
COMMERCE**

**COURSE CODE: CMP 314**

**COURSE TITLE: COOPERATIVE ACCOUNTING 11**

**DATE: 2<sup>ND</sup> AUGUST, 2023**

**TIME: 2.00PM - 4.00PM**

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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 30marks and each of the other two questions carry 20 marks each.

**TIME: 2 Hours**

## SECTION A

### QUESTION ONE

- a) Explain **five** purposes of subsidiary ledgers in co-operatives (10mks)
- b) Explain **four** principles of accounting that are used in cooperative accounting (8mks)
- c) Discuss **three** components of standardized accounting system (6mks)
- d) Identify **three** major registers used in co-operative organizations (6mks)

## SECTION B

### QUESTION TWO

- a) Explain **six** benefits of budgeting in a firm(6mks)
- b) Prepare journal entries to record each of the following transactions and extract a trial balance for Bungoma cooperative Ltd. (14mks)
  1. Member shares contributed was issued for cash, kshs. 3,000,000.
  2. Purchased a truck by signing a note bearing no interest kshs. 1,210,000.
  3. Issued 6 months loans to members worth kshs. 600,000 at 10% p.a. interest
  4. Paid note payable for the trucks purchased kshs. 1,210,000.
  5. Paid utilities for the months in the amount of kshs. 18,000.
  6. Paid salaries for the month in the amount of kshs. 75,000.
  7. All loans were paid in full with accompanied interest.
  8. Member made deposits of Kshs. 1,500,000.

### QUESTION THREE

- a) *In relation to cooperative societies act 2004*, explain the requirements to be fulfilled by cooperative societies in relation to cooperative accounts records. (8mks)
- b) Describe the importance of cooperative accounting to the following parties
  - i) Members of cooperative societies (6mks)
  - ii) Cooperative societies staff (6mks)

#### QUESTION FOUR

- a) Highlight **three** major cooperative registers used in recording the cooperative societies transactions listing the main features contained in such registers (6mks)
- b) i) What is a member transaction system (2mks)  
ii) Describe four ways why it is necessary to establish an MT-system in cooperative societies. (8mks)
- c) Explain **two** main sources of documents of MT-system for SACCOs. (4mks)

#### QUESTION FIVE

- a) Describe the **four** types of budgets necessary to be prepared in a cooperative society (8mks)
- b) Explain the recognition of interest income in cooperatives (6mks)
- c) Evaluate **three** emerging issues in cooperatives and state the accounting implications (6mks)

#### 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)