

**MURANG'A COLLEGE OF TECHNOLOGY**  
**BUSINESS STUDIES**  
**BS/CM/10D**  
**COOPERATIVE ACCOUNTING**  
**CAT I**  
**DATE: 26<sup>TH</sup> AUGUST 2012**

- ANSWER ALL QUESTIONS.
- SHOW ALL YOUR WORKINGS.

**QUESTION ONE.**

- (a) Describe FIVE documents used in transport activity in a co-operative society. (10 marks)
- (b) The following details relate to the stores for resale transactions of Matizo co-op society for the month of may 2012.

Date	Receipts	Issues	
		(Shs) Price	units
May	Units		
2	500	2000	
8	300	2200	
10			400
15			200
20	600	2500	
27	200	2600	
30			100

**Required**

Prepare a stores ledger card for the society using weighted average method. (10 marks)

**QUESTION TWO**

- (a) Describe the procedure followed during division of a co-operative society. (12 marks)
- (b) Explain the following in relation to co-operative societies.
- (i) Sales income
  - (ii) Marketing income
  - (iii) Service income
  - (iv) Financial income. (8 marks)

**QUESTION THREE**

From the data given below prepare a cash budget for each of the first three months of 2012

- Cash balance on 1<sup>st</sup> Jan 2012 shs. 40,000
- A new machine is to be installed in January 2012 at a cost of shs. 100,000 and will be paid for in March 2012.

- Sales commission of 2½% on sales is to be paid within one month of the month of sale.
- Rent arrears of shs.180, 000 is to be pad in February.
- In January a dividend of shs 40,000 is to be paid to members.
- Shs. 10,000 per month is payable under a leasing agreement.
- New members will be admitted in Feb which will result in shs 50,000 being received during that month.
- The credit period allowed by supplies is two months.
- Delay in payment of overheads is one month.
- Research and development costs are paid in the same month.
- Wages are paid in the same month.
- To encourage payment of invoices, the society allows a cash discount of 5% if payment is made within one week, and of 2½% if payment is made within one month. It is estimated that 25% of the debtors of each month pay within one week, and a further 60% of the debtors of each month pay within one month.  
The remaining debtors are expected to pay their invoices within two months.
- Other costs and revenues are as follows:

	<b>2011</b>		
	Oct.	Nov.	Dec.
Direct: Materials	50,000	45,000	60,000
Wages	40,000	36,000	44,000
Overhead: Productions	15,000	14,000	18,000
Administration	10,000	9,000	12,000
Selling & distribution	6,000	5,000	8,000
Research & development	4,000	5,000	5,000
Sales	160,000	200,000	240,000

	<b>2012</b>		
	Jan.	Feb.	shs.
Direct: materials	49000	30,000	35,000
Wages	32,000	24,000	28,000
Overheads: production	20,000	16,000	18,000
Administration	10,000	11,000	12,000
Selling & distribution	6,000	5,000	7,000
Research & development cost	6,000	6,000	7,000
	200,000	160,000	160,000

(20 marks)