



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

**FOR DIPLOMA
IN
COOPERATIVE MANAGEMENT**

COURSE CODE: BS1208
COURSE TITLE: COOPERATIVE ACCOUNTING

DATE: 21st APRIL 2016 TIME: 900-11.00PM DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES

ANSWER ALL QUESTIONS

MRUC observes ZERO tolerance to examination irregularities

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

QUESTION ONE 20 MARKS

- a) Explain five limitations of budgeting and budgetary control system. (10 marks)
- b) Wakulima cooperative society operates three activities:
- i. Dairy activity
 - ii. Stores for resale activity
 - iii. Society general activity

During the financial year ended 31Dec 2015, the following data was obtained;

PRODUCT	BUDGET SALES	PRICE PER UNIT
Milk	(Litres) 750,000	Kshs. 40
Dairy meal	(Bags) 50,000	Kshs. 2,500
Dairy lick	(Pieces) 50,000	Kshs. 1500
Milking jelly	(Tins) 40,000	Kshs. 100

Stocks of the products in the store were as follows;

PRODUCT	OPENING STOCK	CLOSING STOCK
Dairy meal	(bags) 8,000	(bags) 7,000
Dairy lick	(pieces) 1,000	(pieces) 500
Milking jelly	(tins) 800	(tins) 700

Required

- i. Prepare a sales budget for the four products. (5 marks)
- ii. Prepare a production budget for the stores for resale activity. (5 marks)

QUESTION TWO 20 MARKS

- a) The following information relates to the cereals activity of Nakuru farmers cooperative society ltd for the year 2015.

QUARTER	SALES (BAGS OF WHEAT)
First	4,000
Second	2,000
Third	5,000
Forth	4,000
TOTAL	15,000

Additional information;

- i. A bag of wheat contains 110kgs and each kg is expected to sell at kshs. 20
- ii. Expected expenditure is as follows;
 - Transport cost per bag shs. 10

- Salaries to permanent staff shs 40,000 per month
- Committee sitting allowance shs. 50,000 per quarter
- Printing and stationery shs.150,000 per year
- Travel and subsistence allowance shs. 25,000 per month
- Bags shs. 10 per bag
- Cooperative union dues shs. 20 per bag

Required

Calculate;

- i. The rate of payment to members. (4 marks)
- ii. The final budgeted payment. (3 marks)
- iii. The indivisible balance. (3 marks)

b) Mahiu cooperative union operates a petrol station which sells 1,000 litres of petrol per week at kshs. 102 per litre.

The following are the expected annual expenses;

- Purchases of fuel at kshs. 85 per litre
- Salaries to permanent staff at kshs. 5,000 per month
- Rent of premises at kshs. 5,000 per month
- Stationery at kshs. 10,000 per year.

Prepare quarterly budget for the activity. (10 marks)

QUESTION THREE 20 MARKS

The following information was extracted from the books of Kwale cooperative society ltd which started its operations one year ago.

MONTH	SALES	PURCHASE
2014	KSHS	KSHS
April	150,000	100,000
May	160,000	110,000
June	160,000	90,000
July	170,000	90,000
August	200,000	80,000
September	200,000	130,000
October	180,000	140,000
November	180,000	60,000
December	200,000	60,000

The following additional information is available;

- i. Cash in hand at the end of May 2014 is kshs. 180,000
- ii. 60% of the sales proceeds are received in the current month, 30% in the following month and the balance is received two months after sale.
- iii. Suppliers are paid one month after delivery of goods
- iv. A tax of 2013 amounting to kshs. 20,000 will be paid on 30th September 2014
- v. Contractor's retention monies amounting to kshs. 50,000 will be paid on 30th June 2014
- vi. The share holders at their last general meeting increased the share capital by kshs. 70,000 and the first call of kshs. 40,000 will be received in October 2014
- vii. In October the society will receive a dividend from the cooperative bank of kshs. 20,000
- viii. The monthly administration expenses amounting to kshs. 33,000 include a depreciation charge of kshs. 4,000 and preliminary expenses of kshs. 3,000
- ix. Office equipment worth kshs. 13,000 will be paid for in November 2014.

Required

Prepare a cash budget for the period 1st June to 31st December 2014. (20 marks)

QUESTION FOUR 20 MARKS

- a) Explain five functions of a budget committee of a registered cooperative society. (10 marks)
- b) Explain five advantages of implementation of the standardized accounting system in cooperative societies. (10 marks)