



MURANGA UNIVERSITY COLLEGE

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

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER EXAMINATIONS

**FOR THE DIPLOMA
IN
COOPERATIVE MANAGEMENT**

**COURSE CODE: BS1311
COURSE TITLE: COOPERATIVE BANKING**

DATE: 23RD APRIL TIME:9.00A.M DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATES

ANSWER ALL QUESTIONS

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 3 Printed Pages. Please Turn Over. 

QUESTION ONE.

- a) In order to ensure that savings kept in the savings account are only operated by registered members or somebody authorized, employees should adhere to strict work routine to make sure that the identity control is safeguarded. Identify four such routines to ensure identity control. (8 marks)
- b) Discuss six internal sources of cooperative finance. (12 marks)

QUESTION TWO

- a) Explain five recommendations to be adopted as far as security is concerned in relation to the society premises. (10 marks)
- b) Explain six security measures that should be put in place for cash in transit in a UBS. (10 marks)

QUESTION THREE

- a) Saccos perform various functions in their day to day operations. Describe five such functions. (10 marks)

- b) The following information relate to Upendo banking section as at 30th Jan 2014.

Cash in hand	ksh.300, 000
Savings account	ksh. 110,000
Current account	ksh. 440,000
Short call deposit	ksh. 250,000

Additional information:

- I. Reserve 60% of the cash balance in the current account to meet members' withdrawals
- II. Reserve 20% of the cash in the current account to meet operating expenses
- III. Lend 70% of the short call deposit to members
- IV. Withdraw ksh 100,000 from the savings account to pay creditors.

Required

Calculate the liquidity margin of Upendo banking section. (10 marks)

QUESTION FOUR

- a) Explain five factors that may lead to liquidity problems in banking section (10 marks)

- b) Discuss the powers and duties of the central management committee of an urban Sacco in regard to loans. (10 marks)

QUESTION FIVE

- a) It is necessary for any urban sacco to draft and have an organization chart. What are the benefits of this practice? (10 marks)

- b) The banking manager is responsible to the management committee for the overall supervision and control of the banking section. Explain five duties that he performs to ensure smooth operations in the banking section. (10 marks)