



MURANG'A UNIVERSITY COLLEGE
(A Constituent college of Jomo Kenyatta University of Agriculture and Technology)
SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATIONS: 2014
MOCK EXAMINATION FOR DIPLOMA IN COOPERATIVE MANAGEMENT.
BS1311

CO-OPERATIVE BANKING

DATE: OCTOBER 2014

TIME: 3 HOURS

INSTRUCTIONS

1. This paper consists of seven questions
2. Answer any five questions
3. All questions carry equal marks

QUESTION ONE

- a. Explain **six** reasons that led to the establishment of cooperative savings scheme. (12 marks)
- b. Explain **four** ways in which the Union Banking Section ensures that members' funds are in safe custody. (8 marks)

QUESTION TWO

- a. Discuss the factors that should be considered when carrying out a technical feasibility study for the establishment of a union banking section. (10 marks)
- b. Explain **five** ways within the cooperative movement to ensure repayment of formalized debts of individual members of a cooperative society. (10 marks)

QUESTION THREE

- a. Explain **six** measures that should be put in place for cash in transit in UBS. (12 marks)
- b. The liquidity position of Chungwa cooperative society shows a deficit. Explain **four** actions that the management committee may take to correct the situation. (8 marks)

QUESTION FOUR

- a. In preparing loan package it is necessary for the society to consider final output. Outline four reasons why this is necessary. (8 marks)
- b. Explain **six** ways in which lending policies of commercial banks are affecting the performance of Saccos. (12 marks)

QUESTION FIVE

- a. The credit committee of a savings and credit cooperative society declined to approve a loan application because it was not guaranteed. Explain **four** reasons why it would be necessary for a member to provide guarantors. (8 marks)
- b. Explain **six** measures that may be put in place to enhance financial control in a savings and credit cooperative society. (12 marks)

QUESTION SIX

- a. Explain **five** ways in which funds realized by a savings and credit cooperative society may be employed. (10 marks)
- b. Explain **five** reasons why the ministry of cooperative development and marketing requires Saccos to produce annual audited reports. (10marks)

QUESTION SEVEN

- a. One of the objectives of the cooperative savings scheme in Kenya is to mobilize savings. Highlight **five** factors that may limit the ability of the cooperative savings scheme to realize this objective. (10 marks)
- b. The credit secretary should ensure that every member given a loan from the union banking section has a member's loan account. Explain the importance of such an account. (10 marks)