



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS  
SCHOOL OF MANAGEMENT SCIENCES  
MARCH/APRIL 2015 EXAMINATION**

**COURSE CODE: COP416**

**CREDIT UNIT: 2**

**COURSE TITLE: COOPERATIVE ACCOUNTING**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTIONS:**

- 1. Attempt question number one (1) and any other two (2).**
- 2. Question number 1 is compulsory and carries 30 marks while the other 2 carry 20 marks each.**
- 3. Present all your points in coherent and orderly manner.**

1. (a) The following are extracted from the trial balance of Forbis Nigeria Ltd, a manufacturing company, in respect of the year ended 30<sup>th</sup> September, 2009:

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Opening stock:	
Raw materials	12,500
Work-in-progress	8,600
Finished goods	14,800
Purchase of raw materials	68,200
Carriage inwards	3,410
Factory wages	18,390
Rent of factory	4,800
Factory general expenses	8,360
Salaries of factory supervisors	8,740
Salaries of salesmen and office staff	22,570
Rent of office	4,400
Insurance of factory equipment	2,800
Bad debts	1,960
Office general expenses	10,930
Depreciation:	
Factory equipment	16,280
Office and distribution equipment	12,880
Sales less returns	215,000
Power and lighting (factory)	5,610
Power and lighting (general)	3,200

Closing stocks were valued at the following amounts at year end:

Raw materials	14,480
Work-in-progress	10,250
Finished goods	18,390

Work-in-progress is normally valued in this firm at prime cost plus a portion of factory overheads.

Required:

Prepare the manufacturing, trading, and profit and loss accounts as at end of year.

(25 marks)

(b) Define 'financial statement'. (5 marks)

2. (a) What is 'goodwill'? (3 marks)

(b) The estimated future accrued profits of the partnership (less partners' remuneration of N25,000) is N75,000. If the yield at 10% per annum is expected and the value of the tangible assets is N500,000, what is the value of the goodwill? (5 marks)

(c) Discuss the features of non-profit organizations. (7 marks)

(d) Explain the concept of cooperative. (5 marks)

3. (a) Relative to books of account, what are subsidiary books? (3 marks)

(b) Mention and explain five (5) subsidiary books normally used in accounting. (5 marks)

(c) Explain 'contra entry' in bookkeeping. (3 marks)

(d) What do you understand by the Imprest system? (3 marks)

(e) Discuss the 'accounting conventions'. (6 marks)

4. (a) What is the difference between the financial statements that are prepared in cooperative accounting and the financial statements that are made in other companies? (4 marks)

(b) Why would a sole proprietor be interested in having an idea of profits earned? (5 marks)

(c) What are the tax implications for a sole proprietor? (4 marks)

(d) Discuss the essential ingredients of a partnership agreement. (7 marks)

5. (a) Name and discuss the main components of the financial statement. (10 marks)

(b) Ego and Amaka, being partners in business, share profits and losses in the ratio of 60:40. The partners agreed to admit Ngozi to a 25% interest. What is the new profit sharing ratio of the partners? (5 marks)

(c) Explain the double entry system of recording transactions. (5 marks)