



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MAY/JUNE 2012 EXAMINATION

COP 416 Cooperative Accounting
Time Allowed: 2 Hours

Instruction: Attempt any three (3) questions of your choice. Each question carries 23.3 marks. Present your answers legibly and logically using relevant examples.

1. (a) Explain the concept of cooperative. [3.3 marks]

(b) Give an overview of cooperative accounting with emphasis on the meaning and the various financial statements. [10 marks]

(c) 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]
(d) Enumerate and explain the accounting conventions. [6 marks]
2. (a) Why would a sole proprietor be interested in having an idea of profits earned?
[5 marks]

(b) What are the tax implications for a sole proprietor? [4 marks]

(c) Highlight the essential ingredients of a partnership agreement. [7 marks]

(d) Define goodwill. [2.3 marks]

(e) 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]
3. (a) Discuss the features of non-profit organizations. [8 marks]

(b) Victory Social Club was formally established on January 1, 2011, and was granted the free use of a clubhouse at Oshodi. The following are its financial transactions for the year ended December 31, 2011 as recorded in the treasurer's only financial record, the cash book:

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Receipts and Payments Account

Date	Particulars	Folio	Amount N	Date	Particulars	Folio	Amount N
	Balance b/d		16,500		Wages		1,300
	Subscriptions		800		Equipment		4,000
	Admission fees		1,500		Wages		1,300
	Proceeds from journal sales		3,000		Wages		1,200
	Subscriptions		4,000				
	Donations		<u>1,300</u>		Balance c/d		<u>19,300</u>
			<u>27,100</u>				<u>27,100</u>
	Balance b/d		19,300				

You are required to prepare a statement of receipts and payments for the year ended December 31, 2011. [15.3 marks]

4. (a) Define book-keeping. [3.3 marks]
 - (b) Highlight ten objectives of book-keeping. [10 marks]
 - (c) Explain the double entry system of recording transactions. [4 marks]
 - (d) Explain 'contra entry'. [3 marks]
 - (e) What do you understand by the Imprest system? [3 marks]
5. (a) The following are extracted from the trial balance of Ibiene Ltd, a manufacturing concern, in respect of the year ended 30th September, 2006:

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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.

You are required to prepare the manufacturing, trading, and profit and loss accounts as at end of year. [15.3 marks]

(b) Write short notes on the following:

- (i) Manufacturing costs [4 marks]
- (ii) Basic principles in valuing closing stock of manufacture [4 marks]