



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16, AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
FACULTY OF MANAGEMENT SCIENCES

OCTOBER, 2016 EXAMINATIONS

Course Code: COP 416

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 30th September, 2009:

	N
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.
(20 marks)

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

2. (a) Explain the concept of cooperative. (5 marks)

(b) What is 'goodwill'? (3 marks)

(c) 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)

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

3. (a) What is bank reconciliation statement? (5 marks)

(b) On 31 July, 2004, Ayo Balogun received a bank statement which showed a balance of N198,000 whereas the bank column of the cash book showed a balance of N140,000. After comparing the entries in both, the following items were revealed as accounting for the difference:

29 July 2004	Dividend received from ABC Ltd. credited by bank not yet recorded in the cash book amounts to N16,000.
30 July 2004	Payment of N10,000 by standing order not yet recorded in the cash book.
30 July 2004	Transfer charges (N300) and bank commission (N700) not yet recorded in the cash book.
31 July 2004	Interest of N24,000 credited by bank not yet entered into the cash book.
31 July 2004	Cheque Nos. 311, 316 and 317 in favour S. Kasali, John Dans and Dennis Kay for N6,000, N16,000 and N7,000 respectively, have not been presented for payment.

You are required to prepare a bank reconciliation statement. (15 marks)

4. (a) Ijebu Sports Club was formally established on January 1, 2009, and was granted the free use of a clubhouse at Obalende. The following are its financial transactions for the year ended December 31, 2009 as recorded in the treasurer's only financial record, the cash book:

Dr		Receipts and Payments Account				Cr	
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		2,000		Wages		1,200
	Subscriptions		4,000				
	Donations		<u>2,300</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, 2009. (15 marks)

(b) Discuss the features of non-profit organizations. (5 marks)

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

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

(c) Discuss the main components of the financial statement. (10 marks)