



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**  
**MARCH/APRIL 2016 EXAMINATION**

**SCHOOL OF MANAGEMENT SCIENCES**

**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) 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. (20 marks)

(c) Define 'financial statement'. (4 marks)

(d) What is the difference between the financial statements that are prepared in cooperative accounting and the financial statements that are made in other companies? (1 marks)

2. (a) Mention and explain five (5) subsidiary books normally used in accounting. (8 marks)

(b) Explain the double entry system of recording transactions. (2 marks)

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

3. 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:

|                                       | 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)

4. (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)

5. (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<br>N   | Date                          | Particulars | Folio | Amount<br>N   |    |  |  |  |
|      | Balance b/d                    |       | 16,500        |                               | Wages       |       | 1,300         |    |  |  |  |
|      | Subscriptions                  |       | 800           |                               | Equipment   |       | 4,000         |    |  |  |  |
|      | Admission fees                 |       | 1,500         |                               | Wages       |       | 1,300         |    |  |  |  |
|      | Proceeds from<br>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. (14 marks)

(b) Discuss the features of non-profit organizations. (6 marks)