

 **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/dSubscriptionsAdmission feesProceeds from journal salesSubscriptionsDonationsBalance b/d |  | 16,500 800 1,500 2,000 4,000 2,30027,10019,300 |  | WagesEquipmentWagesWagesBalance c/d |  |  1,300 4,000 1,300 1,20019,30027,100 |

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)