

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF FINANCIAL STUDIES**

**NOVEMBER 2018\_2 EXAMINATIONS**

**Course Code: ACC407 Credit Unit: 3**

**Course Title: ACCOUNTING AND AUDITING FOR CO-OPERATIVES**

**Time Allowed: 3 HOURS**

**Instructions:**

**1. Attempt Question 1 and any other three (3) Questions.**

**2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**

**3. Present all your points in a coherent and orderly manner.**

**QUESTION 1**

1. Accounting is neither science nor art. Discuss. (5 marks)
2. The following balances were extracted from the books of Alajetan cooperative society as at 31/12/2014:

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Purchases……………………………………………………………..368,400

Sales ……………………………………………………….................517,900

Drawings ………………………………………………………………14,100

Returns inwards …………………………………………………………7,300

Returns outwards………………………………………………………...6,200

Discount allowed ………………………………………………………10,200

Discount received………………………………………………………..8,400

Receivables …………………………………………………………….45,000

Payables ……………………………………………………………….57,100

Inventory ………………………………………………………………34,300

Freehold Premises at cost ……………………………………………...46,000

Motor Vehicles at cost …………………………………………………12,000

Furniture at cost…………………………………………………………2,500

Provision for depreciation on motor vehicles ………………………….4,500

Provision for depreciation on furniture…………………………………1,000

Cash at bank …………………………………………………………….5,000

Cash in hand ……………………………………………………………1,900

Salaries…………………………………………………………………40,600

Carriage inwards ………………………………………………………22,200

Carriage outwards …………………………………………………….10,300

Printing Stationery……………………………………………………. 3,600

Electricity and water ………………………………………………….14,900

Insurance ………………………………………………………………6,800

General Expenses ……………………………………………………34,800

Provision for bad debt ………………………………………………….200

Bad debt written off …………………………………………………….400

Accumulated fund …………………………………………………...70,000

Rent received …………………………………………………………3,800

Commission received ………………………………………………..11,200

The following information should be taken into account:

(i) Inventory 31st December, 2014 was valued at N31,800

(ii) Accrued expenses at 31/12/04 were salaries N1,800 and electricityN80

(iii) Prepaid expenses at 31/12/04 were insurance N400and general expenses N500

(iv) Adjust provision for bad debt to 2% of debtors and create provision for discount allowable at 1% of debtors.

(v) Commission due but yet to be received on 31/12/04 amounted to N800

(vi) Charge depreciation on fixed assets as follows:

* Furniture 20% on cost
* Motor vehicles 10% on cost

(v) Rent received in advance at 31/12/04 amounted to N200

(vi) Goods costing N1200 were taken by owner for private use. This was yet to be recorded in the books.

(vii) Following the recommendations of a professional value, Alajetan intends to revalue freehold premises at N60,000

**You are required to prepare:**

(a) Trading Account and the Income & Expenditure Account for the year ended 31st Dec. 2014. (15 marks)

(b) Statement of Financial Position as at that date. (10 marks)

**QUESTION 2**

i. Explain with examples the meaning of capital receipts and revenue receipts? (5 marks)

ii. Distinguish between capital and revenue expenditures and give three examples of each. (5 marks)

iii. Define book-keeping and explain any five objectives. (10 marks)

**QUESTION 3**

There are basic concepts or principles guiding the preparation of financial statements. These concepts are also known as Generally Accepted Accounting Principles (GAAP). Mention eight of these concepts and explain any 5. (20 marks)

**QUESTION 4**

What are the final accounts to be prepared by Cooperatives? (10 marks)

What are the needs for Cooperative Accounting? (10 marks)

**QUESTION 5**

1. Define the concept audit and identify the key elements. (10 marks)
2. Explain any 5 types of audit (10 marks)

**QUESTION 6**

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| **ON 31ST DECEMBER 2015, YOU ARE GIVEN THE FOLLOWING REGARDING IBADAN COOPERATIVE SOCIETY.** | | |
| Accumulated Fund at 1st January 2015 | 44,160 |
| Cash in Hand | 600 |
| Cash at Bank | 11,040 |
| Equipments | 40,800 |
| Postages & Stationery | 1,440 |
| Sale of Tickets | 38,760 |
| Hire of equipment | 3,960 |
| Members Contributions – 2015 | 11,880 |
| Members Contributions – 2016 | 480 |
| Donations Received | 1,800 |
| Royalties Paid | 2,520 |
| Rent of Hall | 36,720 |
| Provisions are expected to be made for the following items, which have not passed through the books of the Cooperative.  i. Outstanding contributions for 2015 amount to N720.  ii. 10% depreciation should be provided on Equipment.  iii. Rent paid in Advance amounted to N480.  You are required to prepare:  a. Income & Expenditure Account for the year ended 31st December 2015.  b. Statement of Financial Position as at 31st December 2015. |  |