

**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**JANUARY 2018 EXAMINATION**  
**EXAM QUESTIONS**

**COURSE CODE: CRD 405**

**CREDIT UNIT: 3**

**COURSE TITLE: ACCOUNTING AND AUDITING FOR COOPERATIVES**

**TIME ALLOWED: 2 HOURS**

**Instructions: 1. Attempt question Number one (1) and any other two (2).**

**2. Question number 1 is Compulsory and carries 25 marks, while the other questions carry 15 marks each.**

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

**1. The list of balances of OLUWASEYI Co-operative Society of Lagos transactions for the year ended 31<sup>st</sup> December, 2016 include the following:**

	<b>₦</b>
Entrance Fees 1	147,500
Fine Received from members	37,000
Interest on Bank Deposit	20,500
Postage and Stationery	5,000
Bank Charges	12,000
Entertainment Expenses	28,000
Wages & Salaries of Staff	150,000
Transportation Costs	40,000
Rent Received	16,000
Interest on Loan to Member	55,000
Members Contribution Received	231,500
Fine paid to Lagos State Govt	21,000
Office Maintenance	13,000
Cost of Seminar Organized	175,000
General Expenses	1,000
Furniture and Fittings	850,000
Rent and Rates	15,000
Investment	100,000
Investment Income	20,000
Long-Term loan from bank	580,000
Deposit from members	2,000,000
Stabilization Fund	7,500

Reserves	5,000
Bank	650,000
Bank Deposit	60,000
Motor Vehicle	1,000,000

Additional information:

1. The following were accrued at year end ₦

Wages and Salaries	25,000
General Expenses	10,000
Rent Received	12,000
Investment Income	5,000
  
2. The following were prepaid at year end ₦

General Expenses	500
Office Maintenance	3,000
Contribution from members	1,500
  
3. Audit Expenses of ~~₦~~4,000 were Outstanding as at 31<sup>st</sup> December 2016
  
4. Assets are to be Depreciated at the following rates:
 

➤ Furniture and Fittings	5%
➤ Motor Vehicles	7.5%

**You are required to prepare:**

- a. Income & Expenditure Account for the year ended 31<sup>st</sup> December 2016.(10 marks)
- b. Statement of Financial Position as at that date.(15 marks)

**TOTAL 25 MARKS**

2.A. Discuss the need for preparing bank reconciliation.(5 marks)

- B. On 31 July, 2017, Karakata Cooperative Society received a bank statement which showed a balance of ₦1,980,000 whereas the bank column of the cash book showed a balance of ₦1,400,000. After comparing the entries in both, the following items were revealed as accounting for the difference:

29 July 2017	Dividend received from XYZ Ltd. credited by bank not yet recorded in the cash book amounts to ₦160,000.
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30 July 2017	Payment of ₦100,000 by standing order not yet recorded in the cash book.
30 July 2017	Transfer charges ( <del>₦</del> 3000) and bank commission ( <del>₦</del> 7000) not yet recorded in the cash book.
31 July 2017	Interest of ₦240,000 credited by bank not yet entered into the cash book.
31 July 2017	Cheque Nos. 311, 316 and 317 in favour S. Bakare, Johnny D. and David K. for ₦60,000, ₦160,000 and ₦70,000 respectively, have not been presented for payment.

You are required to

- (i) Adjust the cashbook(5 marks)
- (ii) prepare a bank reconciliation statement.(5 marks)

**TOTAL 15 MARKS**

3. BELLS Cooperative brought forward balances of ₦2,000 and ₦13,200 for cash and bank respectively, from June, 2017 account. The following transactions took place:

		₦
July2	Cheque received	11,500.00
July3	Cash sales	8,200.00
July6	Paid rent by cash	3,500.00
July7	Banked part of cash	5,000.00
July 14	Cash sales (paid through the Bank)	4,000.00
July 23	Paid by cheque	17,700.00
July 29	Cash withdrawal for use	12,000.00
July 31	Wages paid in cash	11,800.00

You are required to write-up a two-column cash book for this company and balance off at the end of July, 2017. (15 marks)

**TOTAL 15 MARKS**

4.a. What are the qualities expected of a cooperative auditor? (10 marks)

b. State five functions of a cooperative auditor. (5 marks)

5. Differentiate between the following;

a Capital expenditure and Revenue expenditure.(5 marks)

b Accounts receivable and Accounts payable.(5 marks)

c Capital receipts and Revenue receipts (5 marks)

**TOTAL 15 MARKS**

6. Discuss the various types of Audit report issued by a cooperative auditor (15 marks)

**TOTAL 15 MARKS**