Class :- T.Y.B.Com (Sem. VI) **Topic :- Final Accounts of Co-operative Societies**
Subject :- Advanced Accounting - II **Subject Teacher :- Dr. Ughade S. S.**

Topic – 1. Final Accounts of Co-operative Societies

Introduction:

Co-operative organization is a voluntary association of persons desirous pursuing a common objective. They can come and leave the organization at their own will without any intimation. One basic features which distinguishes a co-operative organization from other form of business is ownership is that the primary objective of cooperative society is to render service to its members rather than to earn profit. In India, the activity of co-operative society are regulated by the co-operative society act and the State co-operative society Acts. Co-operative society are required to submit their annual report and account to the register of co-operative. after giving dividends to the member the surplus of profit, if any is distributed among the members in the proportion of business they have done with the cooperative society.

There are different kinds of co-operative society, consumer co-operative society, credit and third co-operative housing society and the like. the primary law governing the formation and functioning of any cooperative society in the Central cooperative society act of 1912. certain state having also passed their own laws for governing the formation and functioning of the cooperative situated in their state.

The Maharashtra State cooperative society act 1960 also provide for compulsory audit by the register of cooperative society daily authorized by him property and fund of register cooperative society are very important for both accounting and auditing purposes.

In 1942, Government of British India enacted the Multi-Unit Cooperative Societies Act to cover Cooperative Societies with membership from more than one province. India's first Prime Minister Pt. Jawaharlal Nehru had strong faith in the cooperative movement.

World history of cooperative societies began in the 18th century. This movement was first began in Great Britain. So, it's not a surprise that through time the theory of cooperative society found its second life on the territory of future Nigeria and West Africa in general.

Meaning:

A Cooperative society are organized formed to take the benefit of cooperation these co-operative society are democratic, self-governing bodies. They are democratic as they are managed by the managing committee which is the formed by applying the principle of one man and not on the basis of shareholding.

A Co-operative society has to be registerd under the co-operative society act of the concerned state. in Maharashtra cooperative society are formed the register under the Maharashtra co-operative society act 1960. Each co-operative society must have its own rules and regulation which are known as bye laws.

A cooperative (also known as co-operative, co-op, or coop) is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned enterprise".

Cooperative Society Account

Cooperative societies are operative in various sectors like consumer, industrial, services, marketing, etc. Under accounting system of Co-operative societies, the term Receipt and Payment is used for two fold aspects of double entry system.

Co-operative accounting system

Cooperative Accounting System The cooperative's accounting system is a method of recording, reporting and analyzing the financial results of cooperative's business transactions. The accounting system is divided into 3Rs: recording, reporting, and ratio analysis.
Which accounts are usually maintained by the cooperative societies.

A society is liable to maintain the below-listed records on a permanent basis:

- Minutes of Meeting Book of general, special and annual meetings.
- Member Register.
- Register of Shares, Debentures and Bonds (with counterfoils)
- Stock Register/Dead Stock Register and Property Register.
- Cash Book.
- General and Personal Ledgers.

Ledger

In the co-operative societies, posting of ledger is not done on the double entry system. Receipt side of the day book on debit side of the ledger account and payment side of the day book posted on the credit side of the ledger account.

Closing of Ledgers

In the co-operative societies, balancing of a personal account is done at the time when any member clear his account or a new account is opened. Totals of all other accounts (receipt and payments) are kept as it is. Balancing of receipt and payment accounts are not required.

Receipt and Payment Account

A receipt and payment account is the summary of a day book and prepared for a specified period. Receipt and payment account is prepared from the totals of receipts and payment sides of the ledger accounts.

Income & Expenditure Accounts

The income and expenditure account is prepared by the non-trading entities to determine surplus or deficit of income over expenditures for a particular time frame. The accumulated or accrual concept of accounting is rigidly pursued while preparing income and expenditure a/c of non-trading concerns.

Balance Sheet

The Balance Sheet is also called the Financial Statement of the Cooperative Society and provides a picture of our Society's financial status at the end of a particular financial year. The information provided in the Balance Sheet shows the financial result of management decisions.

Final Accounts

Trading & Profit and Loss account and Balance sheet are prepared from the receipt and payment accounting after consideration of the adjustment entries. Items appear under the receipt side are treated as **income**, and items of the payment side are as **expenditure**.

Rules Appropriated as −

- First 25% of the net profit should be transferred to the reserve fund account.
- As per section 35 of Co-operative Societies Act, 1912, distribution of the profit should not be more than 6.25%.
- Contribution to charitable funds as defined in section 2 of Charitable Endowment Act, 1890, which says that contribution may be done with the prior permission of the Registrar. Maximum contribution is restricted to 10% of the available profit, after transferring profit to reserve account.
- Unlimited liabilities, co-operative society may distribute profit only after general or special order of the State Government.

Co-operative society example

Best examples are dairy, fish farmers, weavers and artisans and tribal co-operatives. These are urban and rural financial societies that provide loans to members at low rates of interest, protecting the members from massive debts to traditional moneylending agencies.

Co-operative Accounting

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Co-opertaive credit societies

Under the provisions of Section 5(ccii) of Banking Regulation Act, 1949 (AACS), a cooperative credit society is defined as a cooperative society, "the primary object of which is to provide financial accommodation to its members and includes a cooperative land mortgage bank." This type of institutions are thrift

The functions of credit cooperative society

These societies are there to help you out with financial support. The primary role played by the credit cooperative society is that it **safeguards the rights of producers and consumers in Rural areas**. They acquire deposits from the members of the society and remove any middlemen making profits in business and trade

Consumer Co-operative society

A consumer co-op is an autonomous association of consumers united voluntarily to meet their common needs and aspirations.

The National Cooperative Consumers' Federation of India Ltd. (NCCF), New Delhi is the national level consumer cooperative society having the entire country as its area of operation. It

was registered in October, 1965 and is functioning under the Multi-State Cooperative Societies. .Act, 2002.