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B.Com Honours | Semester VI | Calicut University

ACCOUNTING AND TAXATION OF CO-OPERATIVES

Course Code: COM6EJ305 • Module 1 Notes

Module I: Introduction to Cooperative Accounting & Registers

Covers co-operative accounting principles, sources of funds (State aid, Principal/Subsidiary State Partnership funds), accounting standards, and statutory registers under Kerala Cooperative Societies (KCS) Act & Rules.

Unit 1: Co-operative Accounting Principles & Importance

Cooperative Accounting: Specialized accounting system tailored for member-driven democratic enterprises. Double entry system recording cash and non-cash transactions via Day Book & Receipts and Disbursements (R&D) Statement.

Unit 2: Sources of Funds & State Aid to Cooperatives

Fund Classification:
- **Owned Funds:** Member Share Capital, Reserve Fund, Building Fund, & Accumulated Net Surplus.
- **State Aid:** Principal State Partnership Fund, Subsidiary State Partnership Fund (channelled through Apex Banks), Government Share Capital, Subsidies, & Grants.
- **Borrowed Funds:** Deposits from members/public & NABARD/District Cooperative Bank loans.

Unit 3: Cooperative Accounting Standards & Regulatory Controls

Regulatory Structure: Financial reporting compliant with Kerala Cooperative Societies (KCS) Act 1969, KCS Rules 1969, & Departmental Cooperative Audit Guidelines.

Unit 4: Books & Statutory Registers under KCS Act & Rules

Mandatory Registers: Day Book, Ledger, Member Register (Form No. 1), Share Register, Minute Book of Board/General Body, Stock Register, & Loan Register.

Practical Case Framework 1 (Cooperative Capital Sources Structural Matrix): Compare fund category, source origin, cost of capital, and repayment/servicing priority.

Cooperative Fund Sources Table:

Fund Category	Source Origin / Provider	Servicing / Financial Requirement
Member Share Capital	Individual Cooperative Members	Dividend capped at max 15-25% under KCS Rules
State Partnership Funds	State Government via Apex Cooperative Banks	Equity contribution for expanding capital base
Statutory Reserve Fund	25% mandatory allocation from Net Surplus	Indivisible reserve; invested per KCS Act Sec 57

Practical Case Framework 2 (Statutory Registers under KCS Rules Matrix): Detail statutory register name, KCS rule reference, primary record purpose, and audit verification role.

KCS Act Mandatory Registers Reference Table:

Statutory Register Name	KCS Rule Reference	Audit & Legal Purpose
Register of Members (Form 1)	Rule 27 of KCS Rules 1969	Establishes member voting rights & shareholding
Day Book (Cash & Transfer)	Rule 64 of KCS Rules 1969	Chronological record of all daily transactions
Minute Book	Rule 29 of KCS Rules 1969	Legal record of Managing Committee resolutions