

**"THE ACCOUNTANTS'
LIBRARY." VOL.
VI. CO-OPERATIVE
SOCIETIES' ACCOUNTS**

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"The Accountants' Library." Vol. VI. Co-Operative Societies' Accounts by Fredk. H. Sugden
(Wigan)

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FREDK. H. SUGDEN (WIGAN)

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VOL. VI.

CO-OPERATIVE SOCIETIES'
ACCOUNTS

BY

FREDK. H. SUGDEN

(WIGAN).

LONDON :

GEE & Co., PRINTERS AND PUBLISHERS, 62 MOORGATE STREET, E.C.

1902.

EDITOR'S PREFACE.

THE object of the series of handbooks that will be published under heading of THE ACCOUNTANTS' LIBRARY is to provide, at a reasonable price, detailed information as to the most approved methods of keeping accounts in relation to all the leading classes of industry whose books call for more or less specialised treatment. No such series has hitherto been attempted; but there exist, of course, numerous separate works dealing with the accounts of one particular class of undertaking. These separate works are, however, for the most part either too expensive, or too superficial to answer the purpose that is particularly aimed at by THE ACCOUNTANTS' LIBRARY which is intended to supply the student with that specialised information which he may require, while at the same time affording to the trader, banker, or manufacturer who is not in a position to secure the fullest information for his purpose, knowledge which can hardly fail to be of the very greatest assistance to him in the correct keeping of his accounts, upon a system specially adapted to his requirements, and therefore involving a minimum expenditure of labour. It is expected that the series will also be found of material assistance to book-keepers of all classes.

Without aiming at giving an exhaustive account of the manner in which each separate business is conducted, the technical points in connection with each industry will receive as much attention as is necessary in order fully to elucidate the system of accounts advocated, while each volume will be the work of one who has made that particular class of accounts more or less

a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on "Bank Accounts" and "Shipping Accounts" a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed; but in the case, for instance, of "Auctioneers' Accounts," "Domestic Tradesmen's Accounts," and other similar volumes, such explanations are included as will enable the ordinarily intelligent reader fully to grasp the methods described even although his knowledge of bookkeeping may be of an elementary description. These explanations are, doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

To subscribers for the whole series it may be added that, when completed, it will form a most valuable and practically complete library, dealing, at the hands of specialists, with practically every class of accounts, and illustrating the application of the theory of double-entry as described in general works on bookkeeping.

In order to carry out this scheme, arrangements have already been completed for books dealing with the following subjects :—

<i>Agricultural Accounts.</i>	<i>Brewers' Accounts.</i>
<i>Auctioneers' Accounts.</i>	<i>Builders' Accounts.</i>
<i>Bank Accounts.</i>	<i>Building Societies' Accounts.</i>
<i>Bookkeeping and Accounts for</i>	<i>Co-operative Societies' Accounts.</i>
<i>Grain, Flour, Hay, Seed,</i>	<i>Cotton Spinners' Accounts.</i>
<i>and Allied Trades.</i>	<i>Drapers' Accounts.</i>

<i>Domestic Tradesmen's Accounts.</i>	<i>Publishers' Accounts.</i>
<i>Engineers' and Shipbuilders' Accounts.</i>	<i>Shipping Accounts.</i>
<i>Gas Accounts.</i>	<i>Solicitors' Accounts.</i>
<i>Hotel Accounts.</i>	<i>Stockbrokers' Accounts.</i>
<i>Mineral Water Accounts.</i>	<i>Tailors' Accounts.</i>
<i>Polytechnic Accounts.</i>	<i>Theatre Accounts.</i>
<i>Printers' Accounts.</i>	<i>Tramway Accounts.</i>
	<i>Wine Merchants' Accounts.</i>

Arrangements for dealing with other subjects are now in progress, and the Editor wishes to add that he will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

62 Moorgate Street,
London, E.C.
September 1901.

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INTRODUCTION.

IN introducing this work to the reader (and to the professional accountant in particular) it may be found of interest to give a few statistics relating to the commercial standing of the co-operative movement in this country.

The Annual for 1901, published by the English and Scottish Wholesale Societies, gives the following somewhat startling figures :—

Sales from the year 1862 to 1898 inclusive,	£1,009,191,994.
Profits ditto ditto	91,540,728.

Statistics relating to the position of Co-operative Societies in the United Kingdom for the year ending December 31 1898 :

Number of Members	1,703,098.
Share Capital	£20,671,110.
Loan Ditto	9,914,226.
Sales (for 1898)	68,523,969.
Net Profits ,,	6,939,276.
Devoted to Educational purposes (1898) ..	52,129.

Professional accountants up to a few years ago were, in connection with the audits of a large proportion of Co-operative Societies, conspicuous by their absence. Although this state of affairs has vastly improved, still there remains a large amount of accountancy work of this description done by lay auditors. Seeing that the movement is essentially a working-class movement, it is in every way desirable that *all* Societies should employ professional men as auditors, as the average investor therein is not expected to exhibit the same knowledge of accounts as, say, his wealthier prototype, the investor in stocks and shares. Hence the desirability of having experts to watch over and guide him in the manipulation of his not inconsiderable transactions.

The various Acts of Parliament passed from time to time seem to recognise this fact in some degree, and provide for the

employment of public auditors (or *two* other auditors, who need not be public accountants).

In compiling this hand-book, the author has taken for granted that the reader has some knowledge of accounts, as kept by double-entry bookkeeping, and therefore many points have been but briefly touched upon (and in some cases have been eliminated altogether), as it would have been obviously impossible to have gone into the elements of bookkeeping in an exhaustive manner within the limits of this small volume.

By Sections 10, 11, 12, 13, 14, 15, and 16 of the Industrial and Provident Societies Act, 1893, a Co-operative Society is required—

- (1) To supply a copy of its rules on demand, at a price not exceeding one shilling.
- (2) To have a registered office, and to advise the Registrar of every change of address.
- (3) To keep its name painted, or affixed, on the outside of every place where its business is carried on, to mention it in all documents issued by it, and to have it engraved in legible characters on its seal.
- (4) To have its accounts audited at least once a year, either by a public auditor or by two other auditors, appointed under its rules.
- (5) On or before the 31st March in each year to send to the Registrar an Annual Return of its Income and Expenditure, Funds, and Effects.
- (6) To supply gratuitously to every interested person a copy of its last Annual Return.
- (7) To keep a copy of the last Balance Sheet, with auditor's Report, always hung up in a conspicuous place.
- (8) To supply copies of Rules.

The author desires here to express his indebtedness to the Co-operative Union, Lim. (J. C. Gray, Esq., J.P., General Secretary), for permission to reproduce model bond forms, &c., and examination papers.