

COOPERATIVE SOCIETIES WITH SUBSIDIARIES, TO WHAT  
EXTENT DOES IT BENEFIT THE MEMBERS.

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Table of Contents.

Preface	1
1.0 INTRODUCTION	1
1.1 Objectives	1
1.2 What is a Cooperative or Corporation	1-2
1.3 Historical Perspective	3
2.0 METHODOLOGY	4
2.1 Personal interview and Questionnaire	4
2.2 Base on the previous project paper	4
2.3 Library Research	4
3.0 SCOPE OF RESEARCH	5
4.0 FINDINGS	6
4.1 Membership and Share Capital	6
4.2 A role of Members	6
4.3 Qualification for Membership	7
4.4 The Role of Board of Cooperative	8
4.5 Responsibilities of the Jabatan Pembangunan Koperasi Malaysia.	9- 12
4.6 The form of Activities which Give Facilities and Benefit to the Members	13 - 17
4.7 Subsidiaries and Associate Company	18 - 20
4.8 Some of The Diferences Between Company and Cooperative Societies:Having a Subsidiaries	21 - 23
4.9 The Conflict Between Cooperative and Its Subsidiaries	24 - 25
4.10 Cooperative Financial Planning vs Corporate Financial Planning	26 - 32
5.0 CONCLUSION	33 - 34

This paper, I intent to highlight how far the cooperative societies with subsidiaries will benefit to members, from the point of financial view and facilities provided by cooperative sicieties. The sources of information are gathered from my practical training with AlJeffri & Co (Chartered Accountant), one of the local auditing firm in Kuala Lumpur. I personally thank to Mr Micheal Yap Senior-Auditor for his kidness in guiding and giving me advice for this project paper. I am perticularly indebted to Tuan Haji Yusof bin Keling, Director of Audit and Account Jabatan Pembangunan Koperasi Malaysia, for his kidness willing to be an Advisor for this research paper.

## 1.0 INTRODUCTION

### 1.1 Objectives

The objective of the research are as follows:

1.1.1 To provide an overview as to what extent could cooperative societies be formed as a subsidiary whether in term of Company or division in Malaysia.

1.1.2 To highlight the features of the cooperative societies which have a subsidiary.

1.1.3 To look more closely on the benefit to the members as a whole in term of dividend declared and in the case of its subsidiaries suffering losses, what would be the amount invested by the cooperative.

1.1.4 To provide an overview the extent to which the cooperative having a subsidiary differ from Holding Company.

### 1.2 What is a Cooperative or Cooperation

#### 1.2.1 Definition

An organisation formed and managed by its own members for their own socio-economic development according to the principles of cooperation.

"Cooperation" is a form of organisation where a person voluntarily associate together as human beings on a basis of equality for the promotion of the economic interest of themselves.

#### 1.2.2 Principles of Cooperation on Which Foundation the Cooperative Operates.

These principles were adopted in 1966 by the Internatio-

nal Cooperative Alliance (ICA) after some modification to the original principles.

- a) Membership of cooperative - societies should be voluntary and available without artificial restriction or any social or religion discrimination to all person who can use of its services and are willing to accept the responsibilities of membership.
- b) Cooperative societies are democrate organisation. Their affair should be administrated by person elected or appointed in a manner agreed by the members and accountable to them. All member should enjoy equal right of voting (one member, one vote) and participation in decision affecting their societies.
- c) Share Capital should only received a strictly limited rate of interest.
- d) Surplus or saving, if any, arising out of operation of a society belong to the member of that society and should be distributed in such manner as would avoid member gaining at the expenses of others.
- e) All cooperative society should make provision for the education of their members, officers and employees and of the general public in the principle and technique of cooperation, both economic and democratic.
- f) It should actively cooperative in every practical way with other cooperative at local, national and institution level.

1.2.3 As define by cooperative societies Act 1948.

Section 4 1) - Subject to the provisions hereinafter contained a society which has as its object the promotion of the economic interests of its members in accordance