PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF THEOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF ARTS IN TRANSFORMATIONAL CHURCH LEADERSHIP

SEPTEMBER-DECEMBER 2024 TRIMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: TRANSFORMATIONAL CHURCH LEADERSHIP

BTCL3313- FINANCIAL MANAGEMENT FOR NON-PROFIT ORGANISATIONS

SET EXAMS

DECEMBER 2024

INSTRUCTIONS

Answer 4 questions – Question 1 and 2 are compulsory.

Question One

ABC Hope Church is a mid-sized congregation located in an Nairobi City. Over the past five years, the church has grown significantly, with an annual budget increasing from $300,000 to $900,000. Despite this growth, financial audits reveal several challenges:

1. Income sources:
   - 70% from tithes and offerings
   - 20% from donations and grants
   - 10% from church projects (e.g., book sales, event rentals)

2. Expenditures:
   - Staff salaries: 40% of total income
   - Utilities and maintenance: 25%
   - Missionary and outreach programs: 15%
   - Administrative costs: 10%
   - Savings/investments: 10%

3. Challenges identified:
   - Irregular financial reporting.
   - Overdependence on tithes and offerings.
   - Lack of a clear plan for emergency funds.
   - No formal training for the church's financial committee.
   - Limited investment opportunities explored.

The church leadership has called for a review of their financial management practices to ensure sustainability and effective stewardship.

Required

1. Identify potential risks associated with their financial strategy as shown in the details provided above. (5 Marks)
2. Suggest five strategies for diversifying the church's income sources. (5 Marks)

Question 2

Kingston Ministries disclosed the following information in their trial Balance for the year ending December 31 2021.

	Dr	Cr

	£	£
Stock 1 October 19x8	23,680	
Carriage outwards	2,000	
Carriage inwards		3,100
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	
Drawings	12,000	
Capital		126,360

332,890	332,890

Required

i. Draw up a trading and profit and loss account for the year ended 31st December 2021 (5 marks)

ii. Balance sheet as at 31st December 2021 (5 Marks)

Question 3

a) Discuss five factors affecting the borrowing of finance in an organization (5 Marks)

b) Explain the strategic role of leadership in an organizations success (5 Marks)

Question 4

The Bishop Overseer of ABC Ministry identified four key questions, and a set of more specific subsidiary questions, about the ministry's future. The questions do not cover — and are not intended to cover — all the issues and subjects that are important to the ABC or that require planning of various kinds. The list instead focuses on opportunities, challenges, and trends that seem likely to require attention if ABC is to sustain and enhance its capacity to make a meaningful difference in the world through Evangelization. Additional operational planning exercises occur regularly at ABC, and such planning will continue. The strategic framework that was approved by the board in January 2021 is intended to serve as a flexible and revisable guide for decision-making, therefore the Bishop Overseer hope and expect that additional strategic topics will be explored subsequent to its publication.

Required:

i. How best can ABC Ministry sustain its Evangelization in order to make a difference in the world? (5 Marks)
ii. What new initiatives should ABC pursue to address long-term issues of fundamental importance? (5 Marks)

Question 5

Budgetary control is part of overall organization control and is concerned primarily with the control of performance. The use of budgetary control in performance management has of late taken on greater importance especially as a more integrative control mechanism for the organization. Discuss how an organization can use budgetary control as a measure of achieving results in the organization. (10 Marks)