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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

ACC 324 : ACCOUNTING FOR NON-PROFIT ORGANIZATIONS

DATE: 27TH JULY 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

You are provided with the following receipts and payments account for Raha Club for the year ended 31st Dec 2019.:

Receipts and Payments Account

	$		**$**
Balance b/d	102	Bar cash purchases	4,128
Entrance fees	42	Wages	416
Subscriptions	305	Rent	168
Bar Sales	5,227	Heating and lighting	131
		Postage and stationery	33
		Insurance	16
		General expenses	46
		Balance c/d	738
	5,676		**5,676**

Additional information:

i) Ledger account balances were as follows:

	01.01.19	**31.12.19**
Furniture	560	
Investments	500	
Accumulated fund	1,434	
Bar stock	272	315
Bar credit purchases		358
Accrued rent expense		36
Prepaid insurance expense		7
Accrued subscriptions		40

ii) The club depreciated furniture at the rate of 10% per annum.

Required:

a) Prepare a bar trading account for the year ended 31 December 2019. **(5 Marks)**

b) Prepare an income and expenditure account for the year ended 31 December 2019. **(10 Marks)**

c) Prepare a balance sheet as at 31 December 2019. **(10 Marks)**

QUESTION TWO

a) Assess three qualities that enable you to identify a Non-profit Organization. **(9 Marks)**

b) Discuss three key areas of contrast between the accounting principles for Non-profit and profit-making organizations. **(9 Marks)**

QUESTION THREE

a) Showing their information needs, assess four interest-groups that require public sector accounting information for their decision making. **(9 Marks)**

b) Discuss three accounting techniques that may be adopted by the public sector organizations in Kenya. **(6 Marks)**

QUESTION FOUR

a) The following account balances were extracted from the books of a government pension fund for the year ended 30th June 2023:

	Dr ($)	**Cr ($)**
PMG account		

	1,050,000	
Pension fund account		5,400,000
Government securities	6,000,000	
Investment income		1,200,000
Pensioners' contributions		2,400,000
Management expenses	450,000	
Payments to Pensioners	1,500,000	
	9,000,000	**9,000,000**

Required:

a) Prepare an income and expenditure account for the year ended 30th June 2023. **(7 Marks)**

b) Prepare a balance sheet as at 30th June 2023. **(8 Marks)**

QUESTION FIVE

The following trial balance was extracted from the books of Kenya Post Office Savings Bank for the year ended 30th June 2020.

	Dr Sh (000)	**Cr Sh (000)**
Administration expenses	382,050	
Cash and bank	376,050	

Accounts payables		1,968,600
Accounts receivables	827,850	
Equity fund		112,800
Furniture and office equipment	379,125	
International services expenses	1,268,550	
Investments	859,275	
Land and buildings	3,677,550	
Loan interest	559,200	
Loans		15,380,250
Maintenance expenses	117,300	
Miscellaneous expenses	632,250	
Miscellaneous revenue		1,264,050
Motor vehicles	677,550	
Operational expenses	1,005,750	
Pension fund		226,950
Pension fund (cost)	407,100	
Plant and machinery	16,043,850	
Postal revenue		677,250
Provision for dep. of all assets		3,632,250
Retained surplus b/f		1,917,900
Short term debtors	527,400	
Stock	818,400	
Telephone revenue		3,379,200
	28,559,250	**28,559,250**

Additions Information:

i) Corporation tax sh. 803,100

ii) Dividends to shareholders sh. 357,750

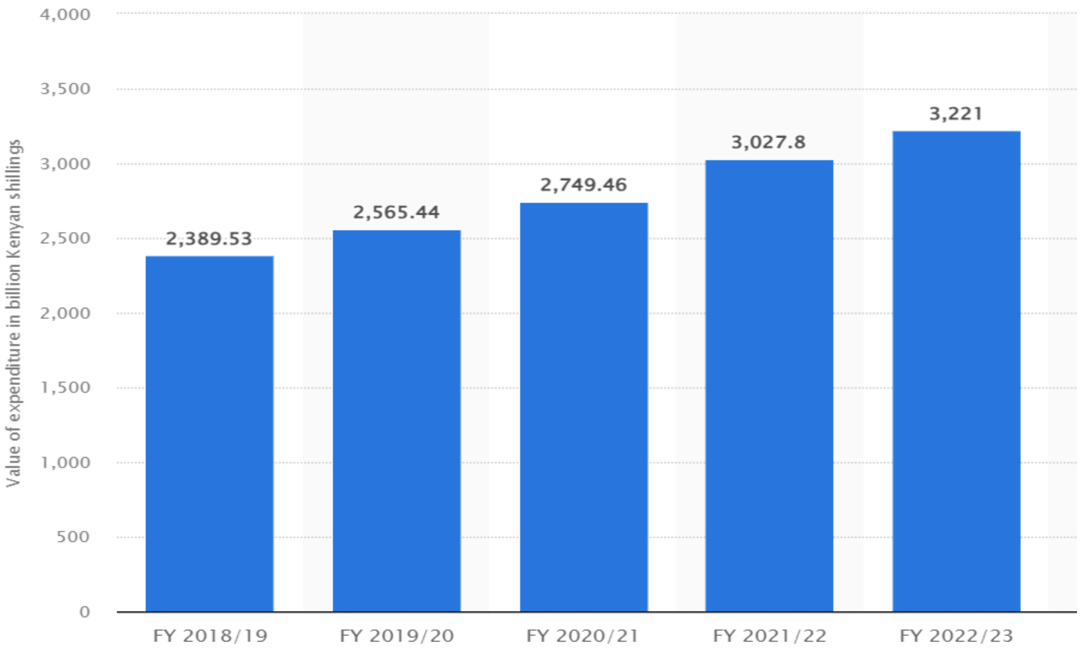
Required:

a) Prepare the revenue account for the year ended 30th June 2020. **(6 Marks)**

b) Prepare balance sheet as at 30th June 2020. **(9 Marks)**

QUESTION SIX

a) Below is a chart showing growth in public expenditure in Kenya from 2018/19 financial year to 2022/23 financial year.



Source: *Statista 2024*

From the above chart, examine three reasons for the growth in public expenditure in Kenya from Ksh 2.3 trillion to Ksh 3.2 trillion. **(6 Marks)**

b) Present three provisions of the State Corporations Act in Kenya (Cap 446). **(9 Marks)**