



"Investing in Africa's Future"

COLLEGE OF HEALTH, AGRICULTURE AND NATURAL SCIENCES

**COURSE TITLE: NHSA 100 PRINCIPLES OF HEALTH SERVICES
ACCOUNTING**

**END OF SEMESTER EXAMINATIONS
NOVEMBER 2020**

LECTURER: (MR KAZOMBA.S)

DURATION: (24 HRS)

INSTRUCTIONS

Answer **ONE** Question from this paper

The marks allocated to **each** question are shown at the end of the question.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

QUESTION ONE

(100 Points)

The information below relates to Savemor Health Centre for the year ended 31 October 2020

Patient Revenue \$2,818,000

Salaries & Wages \$1,450,000

Purchased Services 170,000

Other Operating Revenue 300,000

Employee Benefits 356,000

Medical Supplies 310,000

Drugs cost 150,000

Other Expenses 347,000

Water and utilities \$ 50 000

Catering sales \$ 200 000

Depreciation of non-current assets 150,000

Bad debts written off \$ 35 000

Business unit income \$ 45 000

Interest expense 40,000

Non-Operating Revenue 50,000

Government subsidy \$ 500 000

Donation from USAID 450 000

There were unpaid employee benefits worth \$44 000 at the year-end 31 October 2020.

Other expenses figure includes \$47 000 relating to November and December 2020

Required

- a) Prepare an Income Statement for the year ended 31 October 2020 for Savemor Health Centre. **(50 points)**
- b) The following are extracted balances from Medicare Health Centre accounts along with other information relating to the healthcare business's year end on 31 Dec 2019

Capital / equity as at 1 Jan 2019 \$114,755

Machinery at cost 100,000

Sales Revenue 59,000

Motor Vehicles at cost 50,000

Purchases 25,000

Trade Receivables 13,500

Trade Payables 12,500

Accumulated [provision for] depreciation: Machinery 10,000
HM Revenue and Customs: VAT (owing) 7,750
Net Income as at 31 Dec 2019 7,105
Accumulated [provision for] depreciation: Motor Vehicles 5,000
Water and Utilities 4,500
Inventory as at 1 Jan 2019 3,500
Wages and Salaries 3,500
Rent 3,000
Bank (in funds) 1,800
Purchases Returns 1,355
Business Rates 1,250
Bad Debts written off 1,150
Sales Returns 1,250
Discounts Allowed 950
Cash in Hand 760
Drawings 750
Discounts Received 550

The Rent figure includes \$600 relating to Jan, Feb and March 2020.

The Machinery still has to be depreciated at year end by 10% straight line.

There was unpaid Wages and Salaries at year end 31 Dec 2019 of \$800.

Stock take at year end 31 Dec 2019 valued Inventory at \$5,000.

Motor Vehicles need year end depreciation (diminishing [reducing] balance at 10%).

Required

Use the information given about Medicare Health Centre business as appropriate to prepare a Statement of Financial Position as at 31 Dec 2019 **(40 points)**

- c) The cash flow statement categories cash flows into 3 classes. Briefly outline these with examples. **[10 points]**

QUESTION TWO

[100 Points]

- a) Clearly outline the clean claim criteria in health services claim processing **[25 points]**
b) Suggest benefits of submitting an electronic claim in health services claim processing. **[25 points]**
c) Analyse factors that affect health services revenue streams. **[25 points]**

- d) You have been appointed as the revenue loss controller for a health care centre outline measures you would put in place to mitigate against revenue loss for the entity. **[25 points]**

QUESTION THREE

(100 Points)

- a) Highlight challenges faced in health services sector budgeting **[25 points]**
- b) Describe how budgeting in health sector is done taking into account all stakeholder participation. **[25 points]**
- c) Discuss the various budget classification systems available for the health services sector to adopt. **[25 points]**
- d) Evaluate the credibility of the health sector budget (i.e. the relationship between budget allocations and actual expenditures) and the capacity of implementing agencies to spend available funds. **[25 points]**

END OF PAPER