



"Investing in Africa's Future"

COLLEGE OF HEALTH, AGRICULTURE AND NATURAL SCIENCES

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

**END OF SEMESTER EXAMINATIONS
NOVEMBER 2021**

LECTURER: (MR KAZOMBA.S)

DURATION: (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 Norkaz Health Centre for the year ended 31 October 2021

Patient Revenue \$2,850,000

Wages \$1,550,000

Purchased Services 200 000

Other Operating Revenue 310,000

Employee Benefits 350,000

Medical Supplies 310,000

Drugs cost 150,000

Other Expenses 345,000

Water and utilities \$ 50 000

Catering sales \$ 250 000

Depreciation of non-current assets 150,000

Bad debts written off \$ 40 000

Business unit income \$ 45 000

Interest expense 40,000

Non-Operating Revenue 60,000

Government grant \$ 505 000

Donation from Care International 450 000

There were unpaid employee benefits worth \$45 000 at the year-end 31 October 2021.

Other expenses figure includes \$50 000 relating to November and December 2021

Required

a) Prepare an Income Statement for the year ended 31 October 2021 for Norkaz Health Centre. **(50 points)**

b) The following are extracted balances from Evergreen Health Centre accounts along with other information relating to the healthcare business's year end on 31 Dec 2020

Equity as at 1 Jan 2020 \$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 Profit as at 31 Dec 2020 \$7,105

Accumulated [provision for] depreciation: Motor Vehicles 5,000

Water and Utilities 4,500

Inventory as at 1 Jan 2020 \$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 2021.

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 2020 of \$800.

Stock take at year end 31 Dec 2020 valued Inventory at \$5,000.

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

Required

Use the information given about Evergreen Health Centre business as appropriate to prepare a Statement of Financial Position as at 31 Dec 2020 **(40 points)**

QUESTION TWO

[100 Points]

- a) Clearly outline the clean claim criteria in health services claim processing **[25 points]**
- b) Evaluate electronic claim processing in health services. **[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 provide measures you would put in place to mitigate against revenue loss for the entity. **[25 points]**

QUESTION THREE

(100 Points)

- a) Examine the challenges faced in health services sector budgeting **[25 points]**
- b) Present how budgeting in health sector is done taking into account all stakeholder participation. **[25 points]**
- c) Analyse the various budget classification systems available for the health services sector. **[25 points]**
- d) Assess 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