



"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** Questions 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 trial balance of Better Health Medical Centre as at 31 December 2020 is as follows:

	DR	CR
Cash	181,992	
Drug sales		3,898,908
Patients accommodation		7,800
Consultation fees		2,108,592
Canteen food sales		928,500
Rental revenue		841,350
Sundry revenue		82,950
Donations		132,900
Purchase of drugs	1,480,740	
Utility bills	382,800	
Health and welfare salaries	2,191,260	
Administration costs	3,010,500	
Sundry expenses	29,640	
Investments (short-term)	4,500,000	
Staff advances	63,750	
Loans –Better Life Programme	75,000	
- Governors“forum		37,500
Fund balance		<u>3,877,182</u>
	<u>11,915,682</u>	<u>11,915,682</u>

You are required to prepare

a) The Income Statement for the year ended December 31, 2020 **(30 Marks)**

b) Downtown Health Centre has the following as at 31 Oct 2021

Equity \$19 000, total liabilities \$ 10 000 and total assets \$29 000.

i) Write down the accounting equation **[4 points]**

ii) Explain the elements of the accounting equation. **[6 points]**

c) Plasma Pharmacy had the following balances extracted from the accounts as at 31 December 2020.

	DR \$	CR \$
Capital		72,100
Bank		11,690
Carriage Inwards	640	
Carriage Outwards	1,270	
Discounts	1,510	2,190
Equipment:		
■ At cost	77,360	
■ Provision for depreciation		16,840
Drawings	10,740	
Long-term Loan		20,000

Motor Expenses	16,740	
Premises:		
■ At cost	60,000	
■ Provision for depreciation		10,000
Purchases and Sales	132,700	276,300
Shop Expenses	21,380	
Inventory as at 1 January 2020	35,820	
Debtors and Creditors	12,490	9,210
Wages	46,330	
Telephone and Insurance	1,750	
Returns	<u>1,300</u>	<u>1,700</u>
Total	<u>420,030</u>	<u>420,030</u>

You have also been given the following information:

1. Inventory as at 31 December 2020 was valued at \$29,700.
2. Motor expenses paid in advance were \$350.
3. Wages unpaid at year end amounted to \$1,840.
4. Equipment is to be depreciated at 12½% using the reducing balance method.
5. Premises need to be depreciated using the straight-line method at 5%.

Net profit for the year ended 31 Dec 2020 had been calculated it is \$38395

Required

Prepare a statement of financial position (formerly a balance sheet) as at 31 December 2020.
(60 Marks)

QUESTION TWO

[100 Points]

Health care accounting and auditing is complex. Complexity is largely due to the fact that main revenue sources are provided by third party payers.

- a) Outline the main revenue sources for health services centres giving clear examples where possible. (25 Points)
- b) Evaluate electronic claim submission and processing in the health services sector. (25 Points)
- c) Discuss claim adjudication process for health services. [25 points]
- d) Present strategies that can be used to prevent revenue loss by health care entities. [25 points]

QUESTION THREE

(100 Points)

- a) Justify the need for budgeting for health services entities. **[25 points]**
- b) Identify and analyse some general causes of poor budget execution in the health services sector. **(25 Points)**
- c) Evaluate incremental budgeting as a method available for a health services centre. **[25 points]**
- d) Present the various budget classification systems available to the ministry of health in budgeting. **[25 points]**

END OF PAPER