



AMREF INTERNATIONAL UNIVERSITY
SCHOOL OF PUBLIC HEALTH
DEPARTMENT OF HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT
BSC HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT
END OF JANUARY-APRIL 2023 SEMESTER EXAMINATIONS

HMD 323: Financial Management

DATE : Monday 3rd April 2023

TIME :Two (2) Hours

Start: 4:15 PM-6:15 PM

Instructions

- 1) This paper has Sections A and B
- 2) Answer **ALL** questions in Section A
- 3) For Section B, answer any two (2) questions of your choice
- 4) Use the university examination booklets provided
- 5) Write your student registration number on all your answer sheets
- 6) Do not writ on the question paper

Read carefully the additional instructions preceding each section

**SECTION A: SHORT ANSWER QUESTIONS. ANSWER ALL QUESTIONS
(30 Marks)**

1. Define the term financial Management in health? **(2Marks)**

2. Explain any three significance of financial management in health **(6 marks)**

3. Briefly explain the following elements of financial management in health.
a) Financial planning **(5 Marks)**
b) Financial decision making **(5 Marks)**
c) Financial control **(5 Marks)**

4. State 4 functions of a finance manager **(4 marks)**

5. List 3 reasons why the goal of wealth maximization is superior to that of profit maximization **(3 marks)**

SECTION B: ANSWER ANY TWO QUESTIONS

6

There is debate on whether government should provide health services, regulate their provision or do both.

- a) Discuss the role of government in the provision of health services. **(10 Marks)**
- b) Discuss major challenges for health financing. **(10 Marks)**

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(a) Describe the fundamental features that distinguish preference shares from ordinary shares **(10 marks)**

(b) Although profit maximization has long been considered as the main goal of a firm, shareholder wealth maximization is going acceptance amongst most companies as the key goal of a firm.

(i) Distinguish between the goals of profit maximization and shareholder wealth maximization **(6marks)**

(ii) Explain the two limitations of good of profit maximization **(4marks)**

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a) Financial reports in any organization are essential in decision and policy making. Discuss the following financial reports in health management

- i) Income and expenditure statement **(4 Marks)**
- ii) Balance Sheet **(4 Marks)**
- iii) Cash Flow Statement **(4 Marks)**

b) Financial management is the process of achieving the organisation's objectives in an efficient manner through planning (budgeting), acquiring, organising, directing, monitoring, controlling and reporting. Discuss the principles of financial management **(8 Marks)**