



AMREF INTERNATIONAL UNIVERSITY
SCHOOL OF PUBLIC HEALTH
DEPARTMENT OF HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT
BACHELOR OF SCIENCE IN HEALTH SYSTEMS MANAGEMENT AND
DEVELOPMENT
END OF SEMESTER EXAMINATION DECEMBER 2024
HMD 121 BASIC ACCOUNTING IN HEALTH

TIME: Two Hours
Date : December 2024
TIME : Two (2) Hours **Start:** 4:30 pm **End:** 6:30 pm

INSTRUCTIONS TO CANDIDATES

- 1) This exam is out of 70 marks
- 2) Section-A is compulsory with a Total of 30 Marks
- 3) Answer any TWO (2) questions in Section B
- 4) DO NOT WRITE ON THE QUESTION PAPER

Read carefully the additional instructions preceding each section.

SECTION A (COMPULSORY - 30 MARKS)

QUESTION ONE

- a) Distinguish between current liabilities and long-term liabilities. Give an example of each. (4 marks)
- b) Understanding a hospital's financial position and operating results is crucial for various stakeholders. State four reasons for the need for this information. (4 marks)
- c) Mende Hospital completed the following transactions during the month of September 2024:
- 2/9: Purchased new X-ray equipment for Sh320,000 cash.
 - 3/9: Supplies for drugs were purchased for Sh 400,000 on credit from KEMSA.
 - 4/9: Supplies that had cost Sh 200,000 were issued from inventory for use in hospital activities.
 - 5/9: Payments of accounts payable to KEMSA of Sh 340,000 were done by cheque.
 - 6/9: Consultation services rendered to patients during the month were billed as Sh 685,000.
 - 9/9: Collections on patients' accounts through bank totaled to Sh 1,500,000.
 - 10/9: Other revenues collected in cash amounted to Sh 130,000.
 - 11/10: Operating expenses were paid as follows: Salaries and wages Sh 820,000 through bank and Insurance 20,000 cash.
 - 12/10: A short-term loan of Sh450,000 was obtained from a local bank

Required: Prepare general journal entries to record for each of the above transactions. (10 marks)

- d) On February 2024, Tifa hospital had Ksh 200,000 cash in hand and a bank overdraft of Ksh 150,000. The following transactions took place during the month;
- 7/2: Provided consultations services to a patient and received a cheque for Ksh 30,000.
 - 10/2: Paid electricity bill of Ksh 2,500 in cash.
 - 14/2: Withdrew Ksh 40,000 from cash till for personal use.
 - 27/2: Bought medical supplies for Ksh 20,000 and paid by cheque.
 - 28/2: Received a cheque for Sh 43,000 from Abdi.
 - 28/2: Deposited cash Sh 19,000 into the bank account.
- Required: Prepare a two column cash book to record the above transactions. (12 marks)

SECTION B (Answer any TWO questions in this Section)

QUESTION TWO

- a) Explain the meaning of the following accounting concepts;
- i) Consistency concept. (2 marks)
 - ii) Materiality concept. (2 marks)
 - iii) Going concern concept. (2 marks)

iv) Business Entity concept. (2 marks)

b) The following information relates to Sally Clinic as at 31 December 2023;

	Ksh
Land and buildings	2,720,000
Accounts payable	93,968
Capital 1/1/2023	1500,000
Accounts receivable	220,001
Furniture at cost	200,000
Drawings	50,205
Bank loan	2,000,000
Inventory 31/12/2023	380,000
Depreciation on furniture	99,366
Cash	42,500
Net loss	80,628

Required: Prepare a statement of financial position as at 31 December 2023. (12 marks)

QUESTION THREE

a) Explain four reasons for preparing a trial balance book in an organization. (8 marks)

b) The following balances were extracted from the books of account of Pandy hospital as at 31 December 2023;

	Ksh
Sales	2,200,000
Returns inwards	40,000
Purchases	1,000,000
Salaries	320,000
Insurance	140,000
Inventory 1/1/2023	420,000
Returns outwards	25,000
Electricity	12,000
Rent expense	80,000
Discount allowed	10,000
Depreciation	24,000
Bad debts written off	3,000
Discount received	15,000
Inventory 1/1/2023	295,000

Required: prepare an income statement for the year ended 31 December 2023. (12 marks)

QUESTION FOUR

- a) Financial analysis offers several benefits to a hospital facility. Explain four such benefits to the hospital management. (8 marks)
- b) On 31 January 2024 the cash book (bank column) of Tumaini Hospital showed a debit balance of Sh 50,180 while the bank statement showed a debit balance of Ksh 12,227. On the same date upon investigation the following discrepancies were revealed;
- i) Cheques amounting to Ksh 50,108 had not been presented for payment.
 - ii) The bank had received dividends of Ksh 30,100 on behalf of the business.
 - iii) The opening balance in the cash book had been overstated by Ksh 10,000.
 - iv) A cheque for Ksh 60,050 received from a debtor had been dishonoured.
 - v) Bank charges amounted to Ksh 14,220.
 - vi) The bank had effected a standing order payment for Ksh 15,000.
 - vii) Uncredited cheques amounted to Ksh 43,345

Prepare

- i) An updated cash book. (7 marks)
- ii) A bank reconciliation statement. (5 marks)