



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 FINAL EXAMINATION
JAN-APRIL 2026
HMD 413 HEALTHCARE FINANCING

TIME: Two Hours
Date : **9TH April 2026**
TIME : Two (2) Hours **Start: ...9:00AM End: ...11:00AM**

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 (40 Marks)

Read carefully the additional instructions preceding each section.

SECTION A (COMPULSORY - 30 MARKS)

QUESTION ONE

1. State five ways the Kenyan government can enhance public financing for health care to achieve Universal Health Coverage. (5 marks)

2. Maximilan hospital intends to invest in purchasing an X-ray machine for its modern laboratory which has a cost of Sh 2,200,000. The following are the expected net cash flow from the machine;

Year	Machine A
1	600,000
2	500,000
3	900,000
4	400,000
5	700,000

The hospital's cost of capital is 12%.

Calculate;

- i) Payback period. (4 marks)
 - ii) Net present value. (8 marks)
 - iii) Using (i) and (ii) results above, advise the management of Maximilan hospital whether to invest in the project or not. (3 marks)
3. Reports play a critical role in the operation of healthcare organizations. Highlight five types of healthcare reports commonly prepared by health organizations. (5 marks)
4. Financial information is vital for healthcare organizations. Outline five uses of financial information in health care. (5 marks)

SECTION B (40 Marks)

Answer any TWO (2) questions in Section B

5. a) In Kenya healthcare financing comes from various sources each contributing to the overall funding of the health system. Explain five sources of healthcare financing in Kenya. (10 marks)

b) The following balances were extracted from the books of Nyango hospital on 31 December 2025:

	Ksh
Cash in hand (1/1/2025)	2,400,000
Dividends paid	84,500
Interest paid	60,000
Proceeds from investment	3,260,000
Investment	5,200,000
Addition to machinery	4,000,000
Additional capital introduced	6,000,000
Redemption of shares	4,550,000
Taxation paid	295,600
Proceeds from loan	240,000
Dividends received	420,000
Cash received from debtors	1,600,000
Cash paid to suppliers	9,840,000
Cash in hand 31/12/2025	909,900

Required: Using the direct method, prepare a cash flow statement for the year ended 31 December 2025. (10 marks)

6. a) Healthcare reforms are designed to enhance the efficiency, accessibility and quality of healthcare services in Kenya. Describe five such healthcare financing reforms in Kenya. (10 marks)
- b) Implementing effective healthcare financing in developing countries is faced with various challenges. Analyze five challenges facing the implementation of health care financing in these countries. (10 marks)
7. a) Several principles guide financial management practices in the health sector to enhance effectiveness in delivery systems. Examine five principles of financial management in the health sector. (10 marks)
- b) Explain five reasons why health care organizations prepare an institutional budget as an instrument. (10 marks)
8. a) Auditing of healthcare financing systems is a very important component of management. Describe five benefits of auditing in health care. (10 marks)
- b) Managerial accounting is a sub-division of finance management. Explain five managerial accounting tools that are used in health care financing. (10 marks)