



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)**

**MAIN CAMPUS**

**UNIVERSITY EXAMINATIONS  
2021/2022 ACADEMIC YEAR**

**SECOND YEAR, SECOND SEMESTER MAIN EXAMINATIONS  
FOR DIPLOMA  
OF  
HOSPITALITY AND INSTITUTIONAL MANAGEMENT**

**COURSE CODE: DHIM 029**

**COURSE TITLE: FINANCIAL ACCOUNTING**

**DATE: 20<sup>TH</sup> APRIL 2022**

**TIME: 8-10A.M.**

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**INSTRUCTIONS TO CANDIDATES**

Answer all questions in SECTION A and B

Answer two questions from section C.

**MMUST observes ZERO tolerance to examination Cheating**

*This paper consists four printed Pages. Please Turn Over*

**SECTION A: Answer All Questions (10 Marks).**

1. The statement of operations is also known as
  - A. The owner's equity statement.
  - B. The balance sheet.
  - C. The statement of retained earnings.
  - D. The income statement.
  
2. Accounting is \_\_\_\_\_.
  - A. A Science
  - B. An Art
  - C. Both an Art and Science.
  - D. None of these
  
3. For a restaurant, food costs are considered
  - A. An indirect expense.
  - B. An indirect cost.
  - C. A direct expense.
  - D. A gain.
  
4. The main objective of Book-keeping is;
  - A. Complete recording of transactions.
  - B. Ascertainment of Financial effect on the business.
  - C. Analysis and interpretation of data).
  - D. 'A' 'B' (Both 'A' and 'B').
  
5. Ksh 15,000 paid as rent for food service premises is an/a \_\_\_\_\_.
  - A. Event.
  - B. Transaction.
  - C. Both 'A' and 'B'.
  - D. None of the above.
  
6. Internal users of accounting information are:
  - A. Creditors.
  - B. Potential investors.
  - C. Managers.
  - D. Researchers.

7. Which is the revenue producing department in a hotel?
- A. Front Office.
  - B. Back Office.
  - C. Both (i) and (ii).
  - D. None of the above.
8. External users of accounting information are:
- A. Investors.
  - B. Creditors.
  - C. Tax authorities.
  - D. All of the above.
9. At the end of the financial year after sale of goods worth ` Ksh 200,000, there was a closing stock of ` Ksh 10,000. This is\_\_\_\_\_.
- A. An event.
  - B. A transaction.
  - C. Both event as well as transaction.
  - D. None of above.
10. The Uniform System of Accounts for the Lodging Industry (USAL) income statement is designed for;
- A. Internal management.
  - B. Shareholders.
  - C. Kenya Revenue Agency.
  - D. Customers.

**SECTION B: ANSWER ALL QUESTIONS****(30 MARKS)**

11. Outline SIX difficulties in implementing the Uniform System of Accounting system. (6 Marks)
12. Your Hotel earned Ksh 60,000 in sales this month after paying Ksh 50,000 in expenses (costs incurred). You made a profit Ksh 10,000. You decide to pay Ksh 4,000, leaving you with Ksh 6,000 to reinvest in your restaurant. Label each amount. (6 Marks)
13. With relevant examples from the Hospitality Sector, Differentiate between the following:  
i) Purchases and Sales  
ii) Invoice and Voucher (6 Marks)
14. Identify the Internal users and uses of accounting to them. (6 Marks)
15. Outline FOUR limitations of a Journal. (6 Marks)

**SECTION C: ANSWER TWO QUESTIONS****(30 MARKS)****Question Fourteen (14) is Compulsory**

16. From the following data, prepare a Balance Sheet for Tamu Tamu Restaurant for the period ending 31st January 2022: (15 Marks)

From the following information prepare a Balance Sheet:

|            |          |                  |          |
|------------|----------|------------------|----------|
| Creditors  | 7,000/-  | Bills Payable    | 4,000/-  |
| Capital    | 25,000/- | Drawings         | 2,000/-  |
| Net Profit | 2,300/-  | Cash             | 1,600/-  |
| Bank       | 4,000/-  | Bills receivable | 2,000/-  |
| Debtors    | 1,500/-  | Closing stock    | 10,000/- |
| Furniture  | 1,500/-  | Plant            | 5,700/-  |
| Land       | 10,000/- |                  |          |

17. Explain the characteristics of Internal Control. (15 Marks)
18. Distinguish between Internal and External Audit. (15 Marks)