



(University of Choice)

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

MAIN CAMPUS

UNIVERSITY EXAMINATIONS

2022/2023 ACADEMIC YEAR

MAIN EXAMINATION

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR DIPLOMA

OF

HOSPITALITY AND INSTITUTIONAL MANAGEMENT

COURSE CODE: DHIM 047

COURSE TITLE: HOSPITALITY FINANCIAL ACCOUNTING

DATE: 26TH APRIL 2023 TIME: 8.00 A.M.– 10.00 A.M.

INSTRUCTIONS TO CANDIDATES

Answer all questions in SECTION A and B
Answer ONLY TWO questions in 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 concept of Financial management is;
 - A. Profit maximization.
 - B. All features of obtaining and using financial resources for company operations.
 - C. Organization of funds.
 - D. Effective Management of every company.

2. What is the primary goal of financial management?
 - A. To minimise the risk.
 - B. To maximise the owner's wealth.
 - C. To maximise the return.
 - D. To raise profit.

3. The capital budget is associated with;
 - A. Long terms and short terms assets.
 - B. Fixed assets.
 - C. Long terms assets.
 - D. Short term assets.

4. Investment can be defined;
 - A. Person's dedication to purchasing a house or flat.
 - B. Use of capital on assets to receive returns.
 - C. Usage of money on a production process of products and services.
 - D. Net additions made to the nation's capital stocks.

5. When assets are subtracted from liabilities it will be equal to;
 - A. Capital.
 - B. Net income.
 - C. Working capital.
 - D. Goodwill.

6. The only feasible purpose of financial management is;
 - A. Wealth Maximization.
 - B. Sales Maximization.
 - C. Profit Maximization.
 - D. Assets maximization.

7. Finance Function comprises;
- A. Safe custody of funds only.
 - B. Expenditure of funds only.
 - C. Procurement of finance only.
 - D. Procurement and effective use of funds.
8. Funds Flow Statement is also known as;
- A. Statement of Funds Flow.
 - B. Statement of Sources and Application of Funds.
 - C. Statement of Sources and Uses of Funds.
 - D. All of the above.
9. The term 'Financial Statement' covers;
- A. Profit and Loss Statement.
 - B. Balance sheet and Profit & Loss Statement appropriation account.
 - C. Profit and Loss Statement and Balance sheet.
 - D. All of above are false.
10. Statement of cash flows includes;
- A. Financing Activities.
 - B. Operating Activities.
 - C. Investing Activities.
 - D. All of the Above.

SECTION B: THIS SECTION CONTAINS FIVE QUESTIONS EACH SIX (6) MARKS. ANSWER ALL QUESTIONS. (30 MARKS)

11. Differentiate between;
- i) Over Trading and Under Trading.
 - ii) Financial Statements and Cash-flow Statement. (6 Marks)
12. Outline factors that may cause Under-capitalization. (6 Marks)
13. State the meaning of the following terms;
- i) Net Present Value.
 - ii) Trend Analysis.
 - iii) Pay-back period. (6 Marks)
14. Sources of Finance may be classified under various categories based on the period. Outline **FOUR** of these. (6 Marks)
15. State **SIX** factors that determine Capital Structure. (6 Marks)

SECTION C: THIS SECTION CONTAINS THREE QUESTIONS EACH FIFTEEN (15) MARKS. ANSWER ANY TWO. (30 MARKS)

16. Financial Management ensures successful and profitable business. Explain the functions of Financial Management. (15 Marks)
17. What factors would you take into consideration in estimating the Working Capital needs of a budget hotel? (15 Marks)
18. Ratio Analysis is a useful technique for studying the Financial Health of a firm. Discuss its limitations. (15 Marks)