



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF HOSPITALITY AND TOURISM

**DEPARTMENT OF HOSPITALITY, TRAVEL AND TOURISM
MANAGEMENT**

UNIVERSITY ORDINARY EXAMINATION

2023/2024 ACADEMIC YEAR

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR
OF SCIENCE IN HOSPITALITY MANAGEMENT**

HHM 404 – FINANCIAL MANAGEMENT

DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Answer Question 1 in Section A and Any other Two Questions in Section B
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

- a. With the aid of an illustration describe the objectives of financial management. (10marks)
- b. Explain any five functions of financial management to a hospitality establishment. (5marks)
- c. Explain the meaning of the following terms as used in financial management.
 - i. Turnover Ratio (5marks)
 - ii. Efficiency (5marks)
 - iii. Profitability (5marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

Capital expenditure planning and control is a process of facilitating decisions covering expenditure on long term assets. Discuss the following capital budgeting processes.

- a. Identification
- b. Development
- c. Authorization
- d. Control (20marks)

QUESTION THREE (20 MARKS)

- a. Sole proprietorship
- b. Corporation
- c. Co-operative
- d. Partnerships

QUESTION FOUR (20 MARKS)

Discuss the following decisions that have to be made as part of a company's financial management practices in its existence. (20marks)

- a. Investing decision
- b. Financing decision
- c. Dividend decision