

2802/201
HOSPITALITY ACCOUNTING
AND LAW
Oct./Nov, 2018
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
DIPLOMA IN FOOD AND BEVERAGE MANAGEMENT

MODULE II

HOSPITALITY ACCOUNTING AND LAW

3 hours

INSTRUCTIONS TO CANDIDATES

*You should have an answer booklet for this examination.
This question paper consists of TWO sections; A and B.
Answer question ONE and any other TWO questions from Section A.
Answer question FIVE and any other FOUR questions from Section B.
Candidates should answer the questions in English.*

This paper consists of 4 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

SECTION A: LAW (40 marks)

Answer question 1 and any other TWO questions from this section.

1. (a) Highlight **four** duties of an employer in an employment relationship. (4 marks)
- (b) State **four** general defences recognised by the law of tort in Kenya. (4 marks)
- (c) Hotel and Restaurant Act requires hotels to keep guest records. Highlight **four** reasons for keeping such records. (4 marks)
- (d) Explain **two** roles of the Kadhis court. (4 marks)
- (e) Highlight **four** instances when a hotel cannot sell liquor to a guest. (4 marks)
2. Explain **five** reasons that make it necessary for the government to licence hotels and restaurants. (10 marks)
3. Describe **five** challenges facing the government in implementing the Kenya 2010 constitution. (10 marks)
4. Explain **five** functions of the Catering Levy Trustees in the development of hospitality industry in Kenya. (10 marks)

SECTION B: HOSPITALITY ACCOUNTING (60 marks)

Answer question 5 and any other FOUR questions from this section.

5. On 31st July 2016, the cash book of Ghotto Retailers showed a bank balance of Ksh 28,000. The bank statement received from the bank for the same period showed a different balance. On comparing the two documents, the following discrepancies were revealed:
 - (i) The bank had levied a charge of Ksh 2,400.
 - (ii) Cheques issued to suppliers amounting to Ksh 46,000 had not been presented for payment.
 - (iii) The bank had paid a standing order of Ksh 10,000.
 - (iv) A cheque of Ksh 6,000 received from a customer had been dishonoured.
 - (v) A customer had deposited Ksh 15,000 directly into the account.
 - (vi) A cheque of Ksh 22,000 deposited into the account had not been credited.

Prepare:

- (a) an updated cash book.
- (b) a bank reconciliation statement for the month of July 2016.

(20 marks)

6. The following information relates to Abira Traders:

	Debtors	Bad debts
	Ksh	Ksh
2014 (31 December)	420,000	24,000
2015 (31 December)	360,000	18,000

The firm provides provision for doubtful debts at 10%.

For the years ended 31 December, 2014 and 2015, prepare:

- (a) bad debts account;
 (b) provision for doubtful debts account.

(10 marks)

7. Explain five features of a limited company.

(10 marks)

8. The information below relates to Tallo Traders for the year ended 31 December 2016.

	Ksh
Discounts allowed	18,000
Discounts received	25,000
Sales	989,000
Rent	120,000
Purchases	356,000
Inventory (1 January 2016)	40,000
Inventory (31 December 2016)	58,000
General expenses	12,000

Prepare an income statement for the year ended 31 December 2016.

(10 marks)

9. On 4 April 2016, Patel started business by depositing Ksh 166,000 in a bank account. The following transactions took place during the month:

- April 6 Bought equipment of Ksh 30,000 paying by cheque.
 10 Withdrew Ksh 48,000 cash from the bank for business use.
 15 Paid rent Ksh 12,000 in cash.
 28 Proprietor brought equipment of Ksh 33,000 for business use.

Enter the above transactions in the relevant accounts.

(10 marks)

10. The following information relates to subscriptions of Twiga Football Club for the year 2016:

	Ksh	
balance (1 January 2016)	3,840	Dr
	2,100	Cr
balance (31 December 2016)	1,300	Dr
	4,200	Cr
total receipts	940,000	

Prepare a subscriptions account for the year 2016.

(10 marks)

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