

2802/201
HOSPITALITY ACCOUNTING
AND LAW
June/July 2019
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

*This 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 in the answer booklet provided.
Maximum marks for each part of a question are as indicated.
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: HOSPITALITY LAW (40 marks)

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

- ✓ 1. (a) Explain the meaning of each of the following terms as used in employment:
- (i) statutory deductions;
 - (ii) summary dismissal. (4 marks)
- (b) State **four** roles of the courts of law in addressing the offences under the law of tort. (4 marks)
*→ Compensate the victim
→ protect rights*
- (c) Highlight **four** categories of persons to be appointed as members of the Hotels and Restaurant Authority. (4 marks)
- (d) State **four** requirements necessary for a hotel owner to satisfy before being issued with an operating licence. (4 marks)
- (e) Highlight **four** ways a restaurant denied a licence by the Hotel and Restaurant Authority can seek redress. (4 marks)
2. Explain **five** elements of a valid contract under the law of contract. (10 marks)
3. Explain **five** challenges that are encountered by Kenya courts in their operations. (10 marks)
4. Explain **five** challenges faced when registering a business in Kenya. (10 marks)

SECTION B: HOSPITALITY ACCOUNTING (60 marks)

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

- ✓ 5. The trial balance of Apollo Enterprises prepared as at 31 December, 2015 did not balance. The difference was posted to a suspense account.

On investigation, the following errors were revealed:

- (i) purchases day book had been overcast by Ksh 9,400.
- (ii) payment of rent Ksh 14,600 cash had been entered in the books as Ksh 46,100.
- (iii) receipt of Ksh 5,000 cash from Tom had not been entered in the personal account.
- (iv) purchase of equipment of Ksh 21,000 in cash had been entered in the cash book as Ksh 2,100
- (v) payment of Ksh 7,200 to Tero had been entered in the personal account of Teddy.

Prepare:

- (a) journal to correct the errors above.
- (b) suspense account duly balanced. (20 marks)

6. The following balances were obtained from the books of account of Katet Enterprises as at 30 September, 2016.

	Ksh.
✓ Inventory	32,000 - ASSET ✓
Bank loan	380,000 LIAB ✓
Capital	550,000 LIAB ✓
Accounts payable	30,000 LIAB ✓
Accounts receivable	28,000 ASSET ✓
Cash at bank	160,000 ASSET ✓
Motor van	530,000 ASSET ✓
Drawings	40,000 LIAB ✓
✓ Furniture	120,000 ASSET ✓
Cash in hand	50,000 ASSET ✓

Prepare a statement of financial position as at 30th September, 2016.

Balance Sheet

(10 marks)

7. Explain the meaning of each of the following terms:

- capital; - T
- account;
- trial balance;
- ledger;
- liabilities.

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(10 marks)

8. The following information was extracted from the books of account of Kweli Limited Social Club for the year ended 30 June, 2016.

	Ksh.
Canteen profit	280,000 ✓
Subscriptions	330,000 ✓
Depreciation of sports equipment ex	58,000
Wages ex	120,000
Electricity - ex p	44,000
Gate collections ex	38,000 ✓
Rent ex	160,000
Insurance ex 404.	22,000

Prepare an income and expenditure account for the year ended 30 June, 2016.

(10 marks)

9. Alex and Boko are in partnership with capital contributions of Ksh 150,000 and Ksh 220,000 respectively.

Their partnership agreement provides for :

- (i) interest in drawing to be charged at 2% ✓
- (ii) profit and losses to be shared equally;
- (iii) interest on capital to be allowed at 6% per annum;
- (iv) Alex to receive a monthly salary of Ksh 4,000.

The following information relates to the business for the year 2016.

	Ksh.
Drawings: Alex	68,000
Boko	46,000
Net profit for the year	520,000

Prepare an appropriation account for the year ended 31 December, 2016.

(10 marks)

10. Explain the meaning of each of the following terms:

- (a) invoice;
- (b) credit note;
- (c) debit note;
- (d) delivery note;
- (e) pay in slip.

(10 marks)

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