

2802/201  
HOSPITALITY ACCOUNTING  
AND LAW THEORY  
June/July 2021  
Time: 3 hours

**REGISTRAR**  
RAMOGI INSTITUTE OF  
ADVANCED TECHNOLOGY  
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THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN FOOD AND BEVERAGE MANAGEMENT  
MODULE II**

HOSPITALITY ACCOUNTING AND LAW THEORY

3 hours

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of TWO sections, A and B.  
Section A has FOUR questions. Answer question 1 and any other TWO questions.  
Section B has SIX questions. Answer question FIVE and any other FOUR questions.  
Answers to all questions MUST be written 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.**



Deals with urgent mtrs requiring immediate attention that cant be debated in parliament.

**SECTION A: LAW (40 marks)**

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

1. (a) Enumerate **four** benefits of Food Hygiene Regulations to the hotel industry. (4 marks)
  - (b) Highlight **four** legal displays a alcoholic liquor seller needs to have in his premises. (4 marks)
  - (c) Explain each of the following terms as used in the law of Tort:
    - (i) *volenti non fit injuria*; - voluntarily
    - (ii) Statutory authority. (4 marks)
  - (d) (i) Explain the meaning of 'the term 'delegated legislation'. (2 marks)
  - (ii) State **two** reasons for having delegated legislation in Kenya. (2 marks)
  - (e) The only remedy available at common law for breach of contract is financial compensation known as 'damages'. Explain **two** types of damages. (4 marks)
2. Describe **five** types of employee dismissal in catering operations. (10 marks)
  3. Explain **five** benefits of law in the hospitality industry. (10 marks)
  4. Explain **five** provisions of a Trade Description Act on price display of food and beverage in restaurants. (10 marks)

**SECTION B: HOSPITALITY ACCOUNTING (60 marks)**

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

5. The following information relates to Wamu Traders for the year ended 31 December, 2019.

|                              | Ksh       |
|------------------------------|-----------|
| Discounts allowed            | 2,160     |
| Discounts received           | 4,000     |
| Rent                         | 68,400    |
| Inventory (1 January 2019)   | 22,500    |
| Inventory (31 December 2019) | 31,000    |
| Carriage outwards            | 8,000     |
| Sales                        | 2,118,000 |
| Wages                        | 264,000   |



(3)  
(6)

|                           |           |
|---------------------------|-----------|
| Purchases                 | 1,420,000 |
| Returns inwards           | 15,000    |
| Bad debts                 | 6,000     |
| Depreciation on Equipment | 18,200    |
| Repairs                   | 45,000    |
| Carriage inwards          | 10,000    |

Prepare an income statement for the year ended 31 December, 2019. (20 marks)

6. Explain five users of accounting information in a hotel business. (10 marks)

7. The following information relates to customers of Chill Traders.

|                                      | Ksh     |
|--------------------------------------|---------|
| 1 January 2019 Debtors balance       | 194,000 |
| Summary of transactions for the year |         |
| Bad debts written off                | 24,000  |
| Cheque receipt from debtors          | 396,000 |
| Discounts allowed                    | 15,600  |
| Returns inwards                      | 31,000  |
| Credit sales                         | 650,000 |
| Changes on overdue debts             | 12,000  |
| Dishonoured cheques                  | 38,000  |
| Cash receipts                        | 54,000  |

Prepare a sales ledger control account for the year 2019. (10 marks)

8. Describe five features of a limited company. *limited liability, transfer of shares, ease of raising capital* (10 marks)

9. Explain the meaning of each of the following errors:

- (i) Error of principle — *is the one where one or both entries* (2 marks)
- (ii) Error of commission — (2 marks)
- (iii) Error of original entry — (2 marks)
- (iv) Error of complete reversal of entry. (2 marks)
- (v) Error of compensation — (2 marks)

10. The following balances were extracted from the books of accounts of Tallo Hotel as at 31 December 2019.

|                     | Ksh       |
|---------------------|-----------|
| Purchases           | 920,000   |
| Furniture           | 180,000   |
| Cash                | 300,000   |
| Accounts payable    | 30,000    |
| Accounts receivable | 40,000    |
| Capital             | 320,000   |
| Sales               | 1,100,000 |
| Stationery          | 50,000    |
| Salaries            | 160,000   |
| Bank loan           | 200,000   |

Prepare a trial balance as at 31 December 2019.

(10 marks)

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