

2802/201
HOSPITALITY ACCOUNTING AND LAW
Oct./Nov. 2017
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.

Answers should be written in the answer booklet provided.

Maximum marks for each part of a question are 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 **ONE** and any other **TWO** questions from this section.

1. (a) Outline **four** responsibilities of the Kenya government in employer-employee relationship. (4 marks)
- (b) Explain the difference between the criminal law and law of tort. (4 marks)
- (c) Explain **two** functions of the county assemblies in Kenya. (4 marks)
- (d) Highlight **four** instances a hotel business can be sued by a customer. (4 marks)
- (e) State **four** customary laws recognised by the Kenya laws. (4 marks)
2. Explain **five** roles of the Kenya parliament. *→ discuss the budget - exercise distribution of funds* (10 marks)
3. Patel has been issued with a hotel operating licence. Explain **five** reasons that would lead to the revocation of his licence. *→ Passing of bills - Appeal by authorities personal like p.s & c-j - Approving the national budget. → If the licence is not upto date, → Complain from a customer → If the hotel is untidy* (10 marks)
4. Describe **five** types of businesses ownership that can be licenced in Kenya. (10 marks)

SECTION B: HOSPITALITY ACCOUNTING (60 marks)

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

5. Atto and Bekko are partners in business sharing profit and losses in the ratio 1:4 respectively. The following information relates to the firm for the year ended 30 June, 2016.

	Ksh
Capital: Atto	380,000
Bekko	240,000
Drawings: Atto	60,000
Bekko	45,000
Rent	150,000
Discounts allowed	10,000
Discounts received	24,000
Gross profit	520,000
Insurance	44,000
Repairs	55,000

Additional information:

- (i) interest on drawings to be charged at 5%;
- (ii) Atto to receive a monthly salary of Ksh 6,000;
- (iii) interest on capital to be allowed at 6% per annum;
- (iv) Bekko to receive a commission at 2% of the gross profit.

Prepare an income statement for the year ended 30 June, 2016. (20 marks)

6. The following information relates to the debtors of Hodari Retailers for the month of January 2016.

	Ksh
Balance as at 1 January, 2016	50,800
Summary for the month:	
Returns inwards	28,000
Discounts allowed	19,000
Credit sales	932,000
Dishonoured cheques	62,000
Cheque receipts	495,000
Refund	27,000
Charges on overdue debts	15,000

Prepare a sales ledger control account for the month of January 2016. (10 marks)

7. Explain **five** functions of accounting to an organization. (10 marks)

- forecasting and planning
 - controlling performance
 - financial analysis & interpretation
 - protection of business assets
 - co-ordination

8. As at 1 August 2016, Foddo Retailers had Ksh 16,000 in cash and Ksh 40,000 at bank. During the month, the following transactions took place:

- August 5 Received a cheque of Ksh 50,000 from Telly.
- 8 Paid for wages Ksh 5,000 in cash.
- 13 Sold goods of Ksh 62,000 in cash.
- 18 Deposited Ksh 54,000 cash into the bank.
- 28 Bought furniture Ksh 28,000 paying by cheque.

Hodari retailers sales ledger control account for the month of January 2016

Prepare a two column cash book for August 2016. (10 marks)

Two column cash book for the year 2016

Date	Particulars	Debit	Credit	Date	Details	Cash	Bank
August 5	Cheque		50,000	August 8		5,000	
August 13	goods	62,000		28	furniture		28,000
August 18	deposited		54,000		cheque		28,000
			3			5,000	

9. The following information relates to the motor vehicles of Theppo Enterprises:

Registration Number	Date of Purchase	Cost Ksh
KA	1 January, 2014	560,000
KB	1 January, 2015	640,000

Prepare provision for depreciation on motor vehicle account for the years ended 31 December, 2014 and 2015.

(10 marks)

10. The following balances relates to Tausi social club as at 31 December, 2016.

	Ksh
Subscriptions in advance	8,000
Subscriptions in arrears	10,000
Furniture	180,000
Cash at bank	170,000
Accumulated fund (1 January 2016)	312,000
Surplus	40,000
Rent owing	20,000
Prepaid insurance	4,000
Canteen inventory	16,000

Prepare a statement of financial position as at 31 December, 2016.

(10 marks)

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