

2802/201

HOSPITALITY LAW AND ACCOUNTING

June/July 2020

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN FOOD AND BEVERAGE MANAGEMENT

MODULE II

HOSPITALITY LAW AND ACCOUNTING

3 hours

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of TWO sections; A and B.*

*Answer Question 1 and any other TWO questions from section A.*

*Answer Question 5 and any other FOUR questions from section B in the answer booklet provided.*

*Answers 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.**

## SECTION A: HOSPITALITY LAW (40 marks)

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

1. (a) State **four** reasons for denying accommodation to a guest in a hotel. (4 marks)
  - (b) Highlight **four** requirements for a washroom in food and beverage premises according to Food Hygiene Regulations. (4 marks)
  - (c) Explain each of the following liquor licences:
    - (i) full-on-licence; (2 marks)
    - (ii) restaurant licence. (2 marks)
  - (d) (i) List **four** sources of the Kenyan law. (2 marks)
  - (ii) Explain the responsibility of the Magistrates' Courts in Kenya. (2 marks)
  - (e) State **four** functions of the Hotel and Restaurant Authority in Kenya. (4 marks)
2. Explain **five** functions of the judiciary in Kenya. (10 marks)
  3. Explain five benefits of a written contract in relation to employment. (10 marks)
  4. Outline steps to follow when starting a restaurant. (10 marks)

## SECTION B: ACCOUNTING (60 marks)

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

5. The following balances were extracted from the books of Amani Traders as at 31 December, 2019.

|                     | Ksh     |
|---------------------|---------|
| Accounts payable    | 80,000  |
| Accounts receivable | 56,000  |
| Bank                | 144,000 |
| Furniture           | 100,000 |
| Cash                | 60,000  |
| Inventory           | 40,000  |
| Capital             | 200,000 |
| Bank loan           | 120,000 |

During the month of January 2020, the following transactions took place.

- (i) The proprietor brought furniture valued at Ksh 46,000 for business use.
- (ii) Paid a creditor Ksh 12,000 in cash.
- (iii) Bought goods for Ksh 64,000 on credit.
- (iv) Received a cheque of Ksh 29,000 from a debtor.
- (v) The proprietor took Ksh 5,000 cash for personal use.
- (vi) Deposited Ksh 15,000 of the cash into the bank.
- (vii) Paid bank loan Ksh 15,000 of the cash into the bank.

Prepare a statement of financial position as at 31 January, 2020. (20 marks)

6. Explain five features of a bank current account. (10 marks)

7. On 1 January 2019, Botat Social Club had a bank overdraft of Ksh 96,200. The following is the summary of the receipts and payments during the year 2019.

|               | Ksh     |
|---------------|---------|
| Payments      |         |
| Rent          | 65,000  |
| Equipment     | 122,000 |
| Stationary    | 35,000  |
| Staff wages   | 94,000  |
| Receipts      |         |
| Donations     | 144,000 |
| Subscriptions | 280,000 |
| Sales takings | 476,000 |

Prepare a receipts and payments account for the year ended 31 December, 2019. (10 marks)

8. On 1 April 2020, Fodo started business by depositing Ksh 186,000 into a bank account. The following transactions took place during the month.

- April 4 Fodo brought equipment valued at Ksh 26,000 for business use.
- 6 Withdrew Ksh 52,000 cash from the bank for business use.
- 10 Bought equipment on credit for Ksh 18,000 for Paul.
- 26 Paid Paul Ksh 12,000 by cheque.

Enter the transactions above in the relevant accounts. (10 marks)

9. Explain **five** differences between a share and debenture. (10 marks)
10. On 1 January 2017, Omega outside caterers bought a motor vehicle for Ksh 1,600,000. On 31 December 2019, the vehicle was sold for Ksh 920,000. The firm depreciated motor vehicles at 20% per annum on cost. For the years 2017, 2018 and 2019, prepare:
- (a) accumulated depreciation on motor vehicles account; (7 marks)
- (b) motor vehicle disposal account. (3 marks)

**THIS IS THE LAST PRINTED PAGE.**