

2802/201
HOSPITALITY ACCOUNTING
AND LAW
June/July 2023
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 (compulsory) and any other TWO questions from section A.

Answer question FIVE (compulsory) and any other FOUR questions from section B.

Answers to all questions must be written in the answer booklet provided.

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 (40 marks)

Answer Question ONE (compulsory) and any other TWO questions from this section.

1. (a) State **four** functions of the High Court of Kenya. (4 marks)
- (b) Highlight **four** reasons for delegated legislation. (4 marks)
- (c) Describe **two** ways of acquiring business premises. (4 marks)
- (d) State **four** reasons that would prompt innkeepers to deny refreshments to travellers. (4 marks)
- (e) Explain the meaning of each of the following terms:
 - (i) Catering training levy; (2 marks)
 - (ii) Catering levy trustee. (2 marks)
2. Analyse **five** statutory duties of an employer to an employee (10 marks)
3. Explain **five** benefits of law to a country. (10 marks)
4. Discuss **five** types of contracts. (10 marks)

SECTION B (60 marks)

Answer question FIVE (compulsory) and any other FOUR questions from this section.

5. The trial balance of Bahan Traders prepared as at 31 December 2021 did not balance. The difference was placed in a suspense account on investigation. The following errors were revealed:
 - (i) Sales day book had been overcast by Ksh 14,000.
 - (ii) Cash deposit of Ksh 45,000 into the bank account had been recorded in the books as Ksh 5,400. Cash 80
 - (iii) Cheque receipt of Ksh 43,000 from Pana had only been entered in the cashbook.
 - (iv) Purchase of goods of Ksh, 21,000 from Apollo had been entered in the personal account as Ksh 2,100.
 - (v) Discounts allowed of Ksh 3,600 had been entered in the discounts received account.

Prepare

(13 Marks)

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

(7 marks)

6. Explain **five** functions of accounting in an organization.

(10 marks)

7. The following information relates to Watik Enterprises for the year ended 31 December 2021.

	Ksh
Discounts received	6,200
Commission allowed	19,500
Repairs to equipment ✓	48,600
Inventory (1 January 2021) ✓	29,000
Inventory (31 December, 2021) ✓	37,100
Sales ✓	1,460,000
Purchases ✓	881,000
General expenses	175,000

Prepare an income statement.

(10 marks)

8. The following information relates to Homad Retailers for the month of July 2022.

	Ksh
Bank balance as per cash book	44,300 (DR)
Bank statement balance	5,800 (CR)
Standing order payment	18,000
Uncredited cheque	40,000
Directed deposit	9,000
Unpresented cheque	12,000
Bank changes	1,500

Prepare

- (a) an updated cash book.

(5 marks)

- (b) a bank reconciliation statement.

(5 marks)

9. Explain each of the following terms as used in company accounting:

- (a) Reserve; (2 marks)
- (b) Dividend; (2 marks)
- (c) Debenture; (2 marks)
- (d) Ordinary share (2 marks)
- (e) Preference share (2 marks)

10. On 1 July 2022, Obollo Retailers had Ksh 10,000 in cash and Ksh 35,000 at the bank. The following transactions took place during the month.

July 5	Received a cheque of Ksh <u>64,000</u> from Ann <i>Bank BA</i>
10	Sold goods for Ksh 24,000 in cash <i>cash BA</i>
15	Paid rent for Ksh 16,000 by cheque <i>Bank CA</i>
20	Deposited Ksh <u>15,000</u> of the cash into the bank account <i>✓</i>
30	<u>Proprietor took Ksh 4,200</u> from cash t for personal use

Prepare a two column cash book for July 2022.

(10 marks)

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