

UNIVERSITY OF ESWATINI  
FACULTY OF SOCIAL SCIENCE  
DEPARTMENT OF LAW  
MAIN EXAMINATION PAPER MAY 2020

PROGRAMME OF STUDY : BACHELOR OF LAWS

TITLE OF PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : ACF408 (M) MAY 2020

TOTAL MARKS : 100 MARKS

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS

- 1 There are four (4) questions, answer all.
- 2 Begin the solution to each question on a new page.
- 3 The marks awarded for a question are indicated at the end of each question.
- 4 Show all the necessary workings.
- 5 Round off as you deem appropriate.

Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR OR SUPERVISOR.

SPECIAL REQUIREMENTS: CALCULATOR

**QUESTION 1**

Nathi Attorneys commenced operations on 1 January 2019 by introducing E400 000 into the business bank account. Other transactions during January 2019 included the following:

1. 1 January 2019 paid office rent to Nadine Tiwang for the month of January 2019 by cheque amounting to E6 000.
2. 2 January 2019 received an advance deposit by cheque of E20 000 from Noxolo Dlamini for a divorce matter with her husband for which work is still to commence.
3. 3 January 2019 Nathi Attorneys paid membership fees for all the partners in the practice that amounted E5 000.
4. 5 January 2019 Billed Noxolo Dlamini a final invoice for the divorce with her husband an invoice of E15 000.
5. 8 January 2019 Bought books for a law library paying by cheque E30 000.
6. 20 January 2019 Received an account from Sheriff Musa Matsentjwa in respect of Noxolo Dlamini that amounted to E2 000.
7. 24 January 2019 paid the following expenses by cheque:
 

Telephone	E5 000
Salaries	E60 000
8. 25 January 2019 withdraw from the business bank account of Nathi Attorneys for private use E10,000
9. 26 January 2019 Bought computer equipment on a credit basis from Computronics (Pty) Ltd for E25 000.
10. 31 January 2019 Paid Computronics (Pty) Ltd by cheque the amount of E25 000

**Required:**

- a) Record the above transactions in the books of prime entry for the month of January 2019. (11 Marks)

- b) Prepare the ledger entries in respect of all the above transactions for the month of January 2019 in the books of Nathi Attorneys. (14 Marks)
- c) Extract a trial balance for Nathi Attorneys as at 31 January 2019. (5 Marks)

**NB: Ignore VAT**

**Total: (30 Marks)**

**QUESTION 2**

The following information was obtained after comparing the cash books of Cebile Attorneys, with their bank statement on 31 October 2019:

2019

- Oct 1 Cash book balance on 31 October 2019, E780 (Cr).
- Oct 3 Unfavorable balance per bank statement, E1 167
- Oct 4 The bank debited the company's account with a cheque drawn by VWX (PTY) Ltd, by mistake, E240.
- Oct 5 A deposit of E87 which was paid directly into the company's account by debtor D. Buys, has not been recorded in the books.
- Oct 6 Cheque no 330 for E303 issued on 14 October 2019, has not been presented to the bank for payment.
- Oct 7 A deposit of E400 recorded in the cash book does not appear on the bank statement.
- Oct 8 Bank charges of E32 and bank interest paid of E17 appear on the bank statement, but have not been recorded in the records of XYZ (Pty) Ltd.
- Oct 9 No entry has been made in the company's records relating to a cheque returned by the bank and marked "refer to drawer". The cheque amounted to E88 and was received from S Van Wyk in settlement of his account.

Required

- a) Compile the supplementary bank account as at 31 October 2019. (10 Marks)
- b) Prepare the bank reconciliation as at 31 October 2019. (10 Marks)

**Total: (20Marks)**

**QUESTION 3**

Write short notes on the following:

- a) Trust money (5 Marks)
- b) Business debtors (5 Marks)
- c) Business creditors (5 Marks)
- d) Trust transfer (5 Marks)
- e) Explain the treatment of interest that is earned from the investment of trust money where this is done by the lawyer at his own accord. (5 Marks)

**Total: (25 Marks)**

**QUESTION 4**

Mark Attorneys was appointed as conveyancing attorneys in regard to the sale of property for Jane Dlamini to Yake Khumalo for E100 000 in the month of June 2017. In connection with the sale, the following transactions took in the month of June 2017:

- 1 June 2017 Mark Attorneys received instructions from Jane Dlamini to transfer property for E100 000 and agreement was signed on this date.
- 2 June 2017 You receive a guarantee for E60 000 from Chadbank Limited on behalf of the Yale Khumalo.
- 3 June 2017 Mark Attorneys receive a deposit of E10 000 and estimate costs (pro-forma costs) from Yale Khumalo of E8 000.
- 4 June 2017 Mark Attorneys receive E30 000 from a second bond holder called Finex Limited on behalf the Yale Khumalo.
- 5 June 2017 Mark Attorneys paid to the Receiver of Revenue a transfer duty of E3 000, City Council of Manzini E2,000 for rates and Paid Mr. Themba Dlamini E250 for the electricity certificate.
- 6 June 2017 Mark Attorneys registered transfer of the property. In terms of the agreement the firm of Attorneys was to pay the previous bond holder Chiara Limited E50 000 and E50 000 was remitted to Jane Dlamini.
- 6 June 2017 Mark Attorneys charged transfer fees of E2 000 and bond fees of E750 and all ledger entries in connection with the sale of the property were closed off on the same date.

Required:

Show all the entries in the relevant ledger accounts. Ignore VAT. Dates for all entries must be shown.

**Total: (25 Marks)**