

UNIVERSITY OF SWAZIALND

FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF LAW

SUPPLEMENTARY EXAMINATION PAPER 2005

**DEGREE / DIPLOMA AND YEAR OF STUDY: BACHELOR OF LAWS-
- YEAR THREE & FIVE**

TITLE OF THE PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : L307 / L506 (S) 2005

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 your workings.**

NOTE: You are reminded that in assessing your work account will be taken of accuracy of the language and the 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 / SUPERVISOR.

QUESTION 1:

P. Matsebula practices as an attorney in Mbabane. On 10th March 2003, he was appointed to act as a conveyancer for the transfer of Plot 654, Tembelihle Township which had been sold to B. Large by A Small on 3rd March 2003, for E80,000.

The following matters took place in respect of the transfer.

- | | | |
|-------|------------------|---|
| March | 24 th | Received a cheque for E3,000 from B. Large in respect of transfer costs. |
| | 28 th | Received a cheque for E5,000 from B. Large as a deposit. |
| April | 15 th | Paid transfer duty to Government of E2,300 from Trust bank. |
| | 16 th | Paid sundry disbursements of E640 on behalf of B. Large from Business bank. |
| | 17 th | Received a further E17,500 from B. Large. |
| | 22 nd | Received E63,000 from Swaziland Building Society being amount raised by B. Large against a mortgage bond over the property. |
| | 23 rd | Paid Swaziland Building Society E43,800 in respect of balance owing by A. Small on his mortgage bond. |
| | 24 th | Paid Swaziland Building Society E500 in respect of costs of cancelling A. Small's mortgage bond from Business bank. |
| | 25 th | Received the amount of E3,000 from B. Large in respect of occupational rent from 3 rd March to 20 th April when transfer was effected. |
| | 26 th | Paid the estate agents their commission of E4,000 on behalf of A. Small from Business bank. |
| | 27 th | Charged A. Small fees of E980. |
| | 28 th | Made the permissible transfers in A. Small and B. Large's ledger accounts, and drew a cheque on Trust bank account which was paid into Business bank account. |
| | 30 th | Balanced the ledger accounts of B. Large and A. Small and posted to them cheques for the amounts due to them. |

REQUIRED:

Show the entries in the cash book(s) and ledger accounts *only*, in relation to the above transactions. Folio columns to be completed.

(25 marks)

QUESTION 2:

- (A) What means can an attorney use to ensure that bank charges such as ledger fees, new cheque book charges, minimal commissions on cheques paid in etc., do not reduce the balance in his Trust bank account when compared with the total balances on Clients' Trust ledger accounts? **(4 marks)**
- (B) A trust cheque for E320.00 has been issued to your client A Entries for this amount have been posted from the Trust Cash Book to the client's trust ledger account. However, the cheque should have been for only E32.00 which was the amount standing to the credit of client A. By the time you discover this error client A has cashed the cheque and disappeared without trace. State how you would correct this error. **(12 marks)**
- (C) What are composite statements? Discuss the possible effects of such a statement as a reason for their avoidance. **(9 marks)**
(Total 25 marks)

QUESTION 3:

- (A) Correct the following errors by means of journal entries. Narrations are NOT required. Folio column need NOT be completed.
1. A purchase of stationery on credit from Paper Suppliers Ltd. for E670 has been completely omitted from the books.
 2. A purchase of new computer from Computer Suppliers Ltd. on credit, for E8,000 had been posted correctly to Office Equipment Account but incorrectly to Paper Suppliers Ltd.
 3. A sale of old office furniture for E540 on credit to Z. Xaba had been entered in the journal as E340. Assume no disposal account is used.
 4. A payment by cheque of E80 to M. Dlamini, a trust client, was entered in error on the receipts side of the trust cash book and credited to M. Dlamini's trust ledger account. **(8marks)**

- (B) "Every practising legal practitioner shall once in each year or at any such other time as the Attorney-General may require furnish him with a Certificate signed by the Public Accountant"

REQUIRED:

- i) State the contents of this Certificate. (12 marks)
- ii) What other responsibilities does the practising attorney have in addition to compliance with the contents of the Accountant's Certificate? (5 marks)
- (Total 25 marks)**

QUESTION 4:

Attorney David Hlophe instructed his Johannesburg correspondent; Attorney Van de Merve to sell for the account of deceased estate of M. Hlatshwayo, the following property:

Stand 176 Browning Crescent, Bryanston, with dwelling house thereon
On the 14th April, 2004, Hlophe received a statement incorporating the following:

Proceeds of sale of property	E20,000.00
Rate and taxes to date of sale	E 140.00
Advertising	E 50.00
Our commission	E 750.00

REQUIRED:

- (A) Prepare the Statement of account that Van de Merve would send to Hlophe, assuming that the usual one-third allowance applies, and that a cheque for the balance is enclosed with the Statement. (5 marks)
- (B) Show the relevant ledger account *only*, in the books of Van de Marve, assuming that the expenses he incurred in connection with the sale were paid out of Business bank account. (10 marks)
- (C) Show the relevant ledger accounts, and cash book extracts only, in the books of Hlophe after recording the entries from the Statement received, including the cheque, assuming thereafter Hlophe pays the balance due to the deceased estate of Hlatshwayo. Folio columns must be completed. (10 marks)
- (Total 25 marks)**

GOOD LUCK