

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW
MAIN EXAMINATION PAPER 2006

DEGREE / DIPLOMA AND YEAR OF STUDY	:	BACHELOR OF LAWS – YEAR THREE & FIVE
TITLE OF THE PAPER	:	ACCOUNTING FOR LAWYERS
COURSE CODE	:	L 307 (M) 2006 (New programme) L 506 (M) 2006 (Old programme)
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 on are indicated at the end of each question.
	4	Show your necessary 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.

SPECIAL REQUIREMENT: NONE

QUESTION 1:

You have agreed to act on behalf of Thobile Craft (Pty) Ltd. in a case against Sidney Mkulu. The following were the financial transactions in connection with the case:

1. Received a deposit from Thobile Craft of E150 which was deposited in the Trust Bank account;
2. Paid the sheriff E30 for delivery of summons, from Business Bank account;
3. You instruct Counsel (Advocate J Dlamini) who marks his brief E100 for the drawing of the declaration and replication;
4. Counsel (Advocate J Dlamini) marks his brief E400 for attending on trial;
5. Thobile Craft (Pty) Ltd. win the case and the following bill was taxed as between party and party:

Sheriff's costs	15
Counsel's fees	250
Your fees	400

	E665

6. The following account was rendered by you to Thobile Craft (Pty) Ltd. as between Attorney and client:

Sheriff's costs	15
Counsel's fees	250
Your fees	100

	E365

7. Received from Sidney Mkulu the amount of E665 in full payment of the amount due from him;
8. You make the permissible transfer from Trust to business;
9. Received the balance of the account from Thobile Craft (Pty) Ltd;
10. Paid Advocate J Dlamini in full.

(Question 1 - continued)

REQUIRED: Record the above transactions in the following books:

- | | |
|-----------------------------------|-------------------------|
| (a) Clients' Business Ledger | (8 marks) |
| (b) Client's Trust Ledger | (6 marks) |
| (c) Business and Trust cash books | (8 marks) |
| (d) General Journal | (2 marks) |
| (e) Fees Journal | (2 marks) |
| (f) Transfer Journal | (2 marks) |
| | (Total 28 marks) |

QUESTION 2:

Answer the following questions briefly and, where applicable, describe fully the entries you will make in your books of prime entry and ledger accounts:

- (a) Is it necessary for an attorney to reflect in his statement of account to his client the one – third allowance on fees he received from his correspondent? If not, why? **(3 marks)**
- (b) A cheque for E400 received from B. Dlamini for the credit of M. Ngoni which you deposited in your Trust Bank account has been returned by your bank marked 'refer to drawer'. How would you rectify this matter? **(4 marks)**
- (c) Bank charges totalling E54.20 have been debited by your bank to your Trust Bank account despite your having instructed them to debit Trust Bank charges to your Business Bank account. Correct this error. **(4 marks)**
- (d) Which of the current accounts operated by an attorney is NOT used solely for the deposit of one class of money. Give a reason for your answer. **(3 marks)**
- (e) A trust cheque for E380 has been issued to your client, A. Ntule. The cheque should have been for only E38 which is the amount standing to Ntuli's account. Correct this error. What additional entries would you make if Ntuli has disappeared after cashing the cheque? **(10 marks)**
- (Total 24 marks)**

QUESTION 3:

Describe the use of the Transfer Journal, and enumerate the conditions that must exist before a transfer can be made. Include in your answer details of the procedure to be followed. **(23 marks)**

QUESTION 4:

At 30th April 2005, the balance as shown in your Business Cash Book showed that you had E1,900 in the bank. On 5th May 2005 on receipt of the Business Bank Statement from the bank you find that the above as shown in your Business Cash Book does not agree with that as shown by the Business Bank Statement as at 30th April.

On comparing the entries in your Business Cash Book with those on your Business Bank Statement, you find the following:

- a) A business debtor K. Thawala, has paid direct into your bank account the sum of E140;
- b) The bank has debited you with bank charges of E40;
- c) A "Stop Order" for rent has been paid by the bank, for E700;
- d) A cheque received from a debtor X. Xaba, for E340, which you paid into the bank on the 10th April 2005 has been dishonoured;
- e) A cheque for E206 for electricity which had been paid on 4th April 2005 has been wrongly entered in the cash book as E260;
- f) The balance on the cash book at 1st April 2006 had been incorrectly brought down as E1,300, the correct balance being E1,500;
- g) A cheque paid to creditor B. Hlophe in March 2005, for E200 had still not been presented to the bank for payment;
- h) Two cheques paid to B. Brown, and C. Zwane on 29th April 2005 for E65 and E87 have not yet been presented to your bank;
- i) Three cheques for E645, E289 and E324 paid into the bank on 30th April 2005 have not been credited to your bank account;
- j) A payment of an amount of E68 on the 16th April 2005 to the Water Board has been entered on the wrong side of the cash book;
- k) On 10th April 2005 you had drawn a cheque on your Private Bank Account for E500 but you find that the bank has debited your Business Bank Account.

REQUIRED: (A) Bring your Business Cash Book up to date together with any necessary correction; (13 marks)

(B) Reconcile the amended Business Cash Book balance as at 30th April 2005 with that as shown on the Business Bank Statement. (12 marks)

END

(Total 25 marks)