

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW

SUPPLEMENTARY 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 (S) 2006 (New programme)
L 506 (S) 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:

Mr. G. Made instructs Attorney B. Dlamini to act on his behalf in G. Made Vs S. Zulu. The following are the transactions in connection with the case:

- a) The sheriff is paid his summons fee of E20;
- b) B. Dlamini instructs counsel B. Kunene who marks his brief E150 for the drawing of the declaration and replication;
- c) B. Kunene marks his brief E200 for attending on trial;
- d) Received G. Made's deposit of E100;
- e) G. Made wins the case and the following bill is taxed as between party and party:

Sheriff's costs	E10
Counsel's fees	E175
Attorney's fees	E100

- f) S. Zulu pays the above bill in full;
- g) B. Dlamini renders the following accounting to G. Made as between attorney and client:

Sheriff's costs	E10
Counsel's fees	E175
Attorney's fees	E50
- h) Made the necessary transfer in the ledger accounts of G. Made after which drew a cheque for the amount transferred, entering it in the cash books;
- i) Received the balance due to B. Dlamini from G. Made;
- j) Paid Counsel Kunene in full.

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)
 - (g) Ledger account of Counsel Kunene (2 marks)
- (Total 30 marks)

QUESTION 2:

On 30th April 2005 the balance in your Business Cash Book showed that you had a balance at the bank amounting to E1,800. On receipt of the Business Bank Statement for the month of April you find that the above balance does not agree with that shown on the Business Bank Statement. On comparing the entries in the Business Cash Book with those on the Business Bank Statement you find the following:

- (a) On 10th April 2005 you had drawn a cheque on your private bank account for E500 which the bank had debited to your business bank account;
- (b) The bank has debited you with bank charges of E40;
- (c) The balance on your business cash book at 1st April 2005 had been incorrectly brought down as E1,500 whereas it should have been brought down as E1,300;
- (d) A stop order in respect of insurance of your business assets had been paid by the bank. This was for E600. You had already entered the sum of E400 in your business cash book in respect of insurance but you had forgotten that you had informed the bank to increase the payment to E600;
- (e) A cheque paid to a creditor in March 2005 for E80 has still not been presented to your bank for payment;
- (f) A business debtor, C. Ntuli, has paid the sum of E150 direct into your business bank account;
- (g) Two cheques paid to creditors for expenses on 28th April 2005 had not been presented to your bank for payment. These were for E90 and E70;
- (h) A cheque for electricity of E160 had been incorrectly entered in the business cash book as E106;
- (i) Two cheques received on 27th April 2005 from business debtors, amounting to E240 and E370 had not appeared on the business bank statement;
- (j) A cheque drawn on 14th April 2005 for E1,000 in respect of rent had been entered on the wrong side of the cash book;
- (k) A cheque received from a business debtor, K. Zwane, for E350, which had been paid into the bank on 10th April 2005 has been dishonoured.

(Question 2 – continued)

REQUIRED:

- (A) Bring your business cash book up to date; (14 marks)
- (B) Reconcile the amended business cash book balance as at 30th April 2005 with that as shown on your business bank statement. (13 marks)
- (Total 27 marks)**

QUESTION 3:

- (A) On preparing a bank reconciliation statement for the month of April 2005, you notice that a cheque drawn on your trust bank account for E700 made payable to A. Dlamini, a client, has still not been presented to your bank for payment. The cheque is now four months old. You telephone A. Dlamini who tells you that he never received the cheque and requests you to post him another cheque.

REQUIRED: To enumerate the steps you would take and the entries that you would make in order to rectify the position and to pay A. Dlamini the E700. (10 marks)

- (B) On preparing a bank reconciliation statement you find that you had sent a trust cheque to client M. Xaba for E4,000 instead of for E400. E400 was the balance in his trust ledger account. All attempts to trace this client prove futile. You are now E3,600 short in your trust account.

REQUIRED: The action you would take and the entries you would make in your books in order to rectify the error. (12 marks)

(Total 22 marks)

QUESTION 4:

- (A) What do you understand by a Control Account for the Clients' Business Ledger? Describe the purpose of such an account and how it is constructed, including in your answer any adaptation you would make to your subsidiary books so as to facilitate the preparation of such an account? (16 marks)
- (B) "Generally speaking, it is not necessary to prepare Clients' Trust Ledger Control Account". Comment on this statement. (5 marks)
- (Total 21 marks)**

END