

**UNIVERSITY OF SWAZILAND**

**FACULTY OF SOCIAL SCIENCE**

**DEPARTMENT OF LAW**

**MAIN EXAMINATION PAPER**

**APRIL / MAY 2008**

**ACADEMIC YEAR 2007/2008**

**PROGRAMME OF STUDY : BACHELOR OF LAWS**

**YEAR OF STUDY : YEAR THREE (3)**

**TITLE OF THE PAPER : ACCOUNTING FOR LAWYERS**

**COURSE CODE : L307 (M) 2008**

**TIME ALLOWED : THREE (3) HOURS**

**TOTAL MARKS : 100**

**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 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:**

After planning for several months, Barbara decided to start her own business, called Barbara Attorney. During its first month of operation, Barbara Attorney completed the following transactions:

- i. On November 1, 2007, Barbara invested E9,000 in a new law practice and put it into a bank account in the name of Barbara Attorney.
- ii. On November 2, she used E2,500 of the business money to purchase books for a law library, paid by cheque.
- iii. On November 3, she spent E5,600 of the business money to buy office equipment, paid by cheque.
- iv. Barbara decided that she needed additional equipment and more library items for the office. On November 4, she bought the items a total cost of E1,660 (Books cost E380, Equipment cost E1,280) on credit from "Equip-It Company".
- v. On November 10, Barbara provided legal assistance to a client and immediately collected a fee of E2,200. The client paid by cheque.
- vi. November 10, she paid E1,000 rent for her office by cheque.
- vii. On November 12, she paid the E700 salary of the office secretary by cheque.
- viii. On November 14, she completed a legal work for a client on credit and billed the client E1,700 for the services rendered.
- ix. On November 20, the client paid her the E1,700 legal fee billed by cheque.
- x. On November 24, she paid to "Equip-It Company" E900 of the E1,660 owed for the items purchased on credit, by cheque.
- xi. On November 27, she withdrew E1,100 cash from the business bank account for personal use.

**Required:**

(A) Record all transactions for the month of November 2007 into the proper accounts in General Ledger and balance off each account at the end of the month (November 2007). **Journal entries are not required.** (26.5 marks)

(B) Extract a trial balance as at 30<sup>th</sup> November 2007. (5.5 marks)

**(Question 1 - Total Marks: 32)**

**QUESTION 2:**

The following is the trial balance of A & A Attorneys as at 30 June 2007:

	Dr.	Cr.
	E	E
Capital		20,000
Cash at bank	17,266	
Accounts receivable	6,800	
Fees earned		15,500
Commission received		2,500
Rent expenses	2,300	
Repairs	350	
Salaries & wages	8,350	
Equipment	1,700	
Law library (books)	24,000	
Accounts payable		24,000
Drawings	1,234	
	62,000	62,000

**Required:**

- (A) Prepare an income statement for the year ended 30 June 2007. (10 marks)
- (B) Prepare a balance sheet as 30 June 2007. (13 marks)
- (Question 2 - Total Marks: 23)**

**QUESTION 3:**

- (A) What is a Trust Bank Account? What is the purpose and use of a Trust Bank Account? (5 marks)
- (B) What is a composite statement? Discuss the possible effects of such statement as a reason for their avoidance. (8 marks)
- (C) Write short notes on:
- (i) Trust transfers (2 marks)
- (ii) Trust investment (2 marks)

**(Question 3 - Total Marks: 17)**

**QUESTION 4:**

Robert Dlamini has been instructed by client John Sikhondze to conduct an appeal against conviction for tax evasion. The following transactions occur:

2008

- Jan. 10      Payment of E14 made to Photocopy Service Ltd. for four sets of documents, from Business bank account.
- Jan. 14      Received a cheque from Sikhondze for E460 on account.
- Jan. 16      Paid from petty cash the sum of E18 in order to contact witness.
- Jan. 19      Expert witness fee of E135 paid to K. Jones a Chartered Accountant, from business bank account.
- Jan. 20      E42 paid from Trust bank account, for transcripts.
- Feb. 15      A fee of E130 is charged to Sikhondze.
- Feb. 28      Sikhondze wins his appeal.
- Feb. 28      Made the necessary transfer to Client's Trust ledger account from his Business ledger account, after balancing the accounts.
- Feb. 28      Drew a cheque on Trust bank account and paid it into Business bank account, for the amount to be transferred.
- Mar. 10      Paid Sikhondze the balance due to him.

**Required:**

Record the above transactions in the following books:

- |                              |           |
|------------------------------|-----------|
| (a) Client's Business ledger | (9 marks) |
| (b) Client's Trust ledger    | (8 marks) |
| (c) Fees Journal             | (2 marks) |
| (d) Business cash book       | (3 marks) |
| (e) Trust cash book          | (4 marks) |
| (f) Transfer Journal         | (2 marks) |

(Note: Petty cash book is not required. Folio columns must be completed)

**(Question 4 - Total Marks: 28)**

**END**