

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW
SUPPLEMENTARY EXAMINATION PAPER
JULY 2009
ACADEMIC YEAR 2008/2009

PROGRAMME OF STUDY : **BACHELOR OF LAWS**
YEAR OF STUDY : **YEAR THREE (3)**
TITLE OF THE PAPER : **ACCOUNTING FOR LAWYERS**
COURSE CODE : **L307 (S) 2009**
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:

During its first month of operation, R Williams Attorney's business completed the following transactions:

2009

March 1	Started business with E750 cash and E9,000 in the bank.
„ 2	Received a loan of E2,000 from B Blane by cheque.
„ 3	Bought a computer for cash E600.
„ 5	Bought equipment on credit from 'Clearcount Limited' E420.
„ 8	Took E200 out of the bank and put it in the cash box.
„ 15	Repaid part of B Blane's loan by cheque E500.
„ 17	Paid amount owing to 'Clearcount Limited' E420.
„ 24	Repaid part of B Blane's loan by cash E200.
„ 31	Bought a printer on credit from 'F Jones for' E200.

Required:

(A) Record all transactions for the month of March 2009 into the proper accounts in General Ledger and balance off each account at the end of the month (March 2009). **Journal entries are not required.** (14 marks)

(B) Extract a trial balance as at 31 March 2009. (10 marks)

(Total marks: 24)

QUESTION 2:

(A)

Define a Control Account for the Clients' Business ledger. What purposes does it serve? From where is the information obtained for the purpose of compiling such an account?

(12 marks)

(B)

What requirements should be met before a transfer is made from the trust to the business account? Explain.

(10 marks)

(Total marks: 22)

QUESTION 3:

S Makhanya instructed G Mamba, attorney at law, to act on his behalf in Makhanya Vs Mdluli. The following were the transactions in connection with the case:

- i. G Mamba paid to the sheriff, E65 for the summons;
- ii. G Mamba received E700 from Makhanya as deposit;
- iii. G Mamba paid to Counsel (Advocate Masango) E200 for the drawing of the declaration and replication;
- iv. Advocate Masango (counsel) is paid E640 by G Mamba for attending on trial;
- v. A total of E150 is charged by G Mamba for his own fee;
- vi. Makhanya wins the case and the following bill was taxed as between party and party:

Sheriff's costs	E 35
Counsel's fees	E600
G Mamba's fees	E100

- vii. The following account was sent by Mamba to Makhanya as between attorney and client:

Sheriff's costs	E 30
Counsel's fees	E240
G Mamba's Fees	E 50

- viii. Mdluli pays Mamba E735, the amount of the taxed party and party bill;
- ix. Mamba balances Makhanya's accounts and makes the permitted transfer, thereafter drawing a cheque for the amount transferred;
- x. Paid Makhanya the balance due to him;

Required: Record the above transactions in the following books:

- | | | |
|-----|--------------------------|-----------|
| (a) | Trust Cash Book | (6 marks) |
| (b) | Business Cash Book | (4 marks) |
| (c) | Client's Trust Ledger | (7 marks) |
| (d) | Client's Business Ledger | (7 marks) |
| (e) | Fees Journal | (2 marks) |
| (f) | Transfer Journal | (4 marks) |

(Total marks: 30)

(Folio column must be completed)

QUESTION 4:

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 current account 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 Ntule's account. Correct this error. What additional entries would you make if Ntule has disappeared after cashing the cheque? **(10 marks)**

(Total marks: 24)

END