

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF SOCIAL SCIENCE**  
**DEPARTMENT OF LAW**  
**MAIN EXAMINATION PAPER**  
**MAY 2010**  
**ACADEMIC YEAR 2009/2010**

**PROGRAMME OF STUDY : BACHELOR OF LAWS**

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

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

**COURSE CODE : L307 (M)**

**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: CALCULATOR**

**QUESTION 1:**

On the 31<sup>st</sup> March 2010 your Business Cash Book showed a debit balance at the bank of E5,600.00. On receipt of the Business Bank Statement from the bank for the month of March 2010, you found that the above balance shown in your Business Cash Book did not agree with the amount shown on the Business Bank Statement. The Business Bank Statement showed a debit balance amounting to E4,241.00 as at 31<sup>st</sup> March 2010. On comparing the entries in your Business Cash Book with those on your Business Bank Statement, you found the following:

- (a) The bank has debited your account with E54.00 for a new cheque book and ledger fees but this does not appear in the cash book.
- (b) D. Dlamini, a business debtor, has paid an amount of E410.00 direct to your business account. Of this you were unaware until you receive your bank statement.
- (c) The bank has paid on your behalf a standing order of E210.00 in respect of insurance premiums.
- (d) Two cheques, totalling E654.00 which you had drawn in payment of business creditors on 29<sup>th</sup> March 2010, have not reached the creditors by 31<sup>st</sup> March 2010, and thus had not been presented to your bank for payment.
- (e) A cheque payment to the Swaziland Electricity Board on 10<sup>th</sup> March 2010 for E115.00 had been entered in the cash book as E151.00.
- (f) The opening balance of E4,980.00 (debit) in the cash book brought down at 1<sup>st</sup> March 2010 was incorrect. This should have been E4,890.00.
- (g) On 30<sup>th</sup> March 2010, a cheque received from a business debtor (K. Zwane) for E105.00 had not yet been credited by your bank.
- (h) Your bank has debited your business bank account with an amount E500.00 which represents a cheque drawn on your private bank account.
- (i) A cheque for rent paid, of E750.00, for the month of March 2010 had been entered on the wrong side of the cash book.

**REQUIRED:**

- (A) Bring your Business Cash Book up-to-date together with any necessary correction. (13 marks)
  - (B) Prepare a bank reconciliation statement as at 31<sup>st</sup> March 2010. (10 marks)
- (Total 23 marks)**

**QUESTION 2:**

You, as an Attorney, have agreed to act on behalf of A&B Investment Ltd in a case against M. Motsa. The following were the financial transactions in connection with the case:

1. Received a deposit from A&B Investment Ltd 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 H. Mamba) who marks his brief E100 for the drawing of the declaration and replication;
4. Counsel (Advocate H. Mamba) marks his brief E400 for attending on trial;
5. A&B Investment Ltd win the case and the following bill was taxed as between party (A&B Investment Ltd) and party (M. Motsa):
 

Sheriff's costs	15
Counsel's fees	250
Your fees	400
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	E665
6. The following account was rendered by you to A&B Investment as between you and client (A&B Investment Ltd):
 

Sheriff's costs	15
Counsel's fees	250
Your fees	100
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	E365
7. Received from M. Motsa the amount of E665 in full payment of the amount due from him.
8. After balancing the accounts, you made the necessary transfer in the ledger accounts of A&B Investment Ltd, thereafter drew a cheque for the amount transferred.
8. Received the balance of the account from A&B Investment Ltd.
9. Paid Advocate H. Mamba in full.

**(Question 2 – continued)****Required:** Record the above transactions in the following books:

- |                              |            |
|------------------------------|------------|
| (a) Clients' Business Ledger | (10 marks) |
| (b) Client's Trust Ledger    | (7 marks)  |
| (c) Business Cash Book       | (4 marks)  |
| (d) Trust Cash Book          | (3 marks)  |
| (e) Fees Journal             | (2 marks)  |
| (f) Transfer Journal         | (4 marks)  |

(Note: Folio columns must be completed)

**(Question 2: Total Marks 30)****QUESTION 3:**

You act for Mr. Lukhele in a property transaction. The following transactions take place in regard to the sale of Mr. Lukhele's property:

- (a) Receive an instruction from the seller (Mr. Lukhele) to transfer property for E150,000.
- (b) Receive a guarantee for E75,000 from the bond-holder.
- (c) Receive a deposit of E22,000 and estimate costs (called pro-forma costs) of E14,000 from the purchaser.
- (d) Receive E45,000 from the second bond-holder.
- (e) Pay transfer duty, rates and electricity certificate.
- (f) Transfer is registered.

**Required:**

Explain the accounting treatment (the action you would take and the entries you would make) for each of the above transactions in your own books as an Attorney?

**(Question 3: Total Marks 22)****QUESTION 4:**

- (A) What is a Trust Transfer? What requirements should be met before a transfer is made from the trust to the business account? Explain. **(13 marks)**
- (B) Explain the following fundamental accounting concepts:
 

(i) Going Concern	<b>(3 marks)</b>
(ii) Consistency	<b>(3 marks)</b>
(iii) Prudence	<b>(3 marks)</b>
(iv) Accrual	<b>(3 marks)</b>

**(Question 4: Total Marks 25)****END**