

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW
SUPPLEMENTARY EXAMINATION PAPER
JULY 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 (S)

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:

The following is the trial balance of Attorney B Dlamini as at 31st December 2009:

	Dr.	Cr.
	E	E
Capital		21,000
Cash at bank	18,266	
Accounts receivable (Debtors)	6,800	
Fees earned		15,500
Commission received		2,500
Rent expenses	2,300	
Repairs	350	
Salaries & wages	8,350	
Equipment	2,000	
Law library (books)	24,000	
Accounts payable (Creditors)		24,300
Drawings	1,234	
	----- 63,300 =====	----- 63,300 =====

Required:

(A) Prepare an income statement for the year ended 31st December 2009. (10 marks)

(B) Prepare a balance sheet as 31st December 2009. (13 marks)

(Question 1: Total Marks 23)

QUESTION 2:

Mr Albert (an Attorney) has been instructed by client L. Vilakati to conduct an appeal against conviction for tax evasion. The following transactions occur:

2010

- 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 L Vilakati for E460 on account.
- Jan. 16 Paid a sum of E18 in order to contact witness, from business bank account.
- Jan. 19 Expert witness fee of E135 paid to K. Jones a Chartered Accountant, from business bank account.
- Jan. 20 Paid E42 from Trust bank account for transcripts.
- Feb. 15 A fee of E130 is charged to L. Vilakati.
- Feb. 28 L. Vilakati 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 L. Vilakati the balance due to him.

Required:

Record the above transactions in the following books:

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

(Note: Folio columns must be completed)

(Question 2: Total Marks 30)

QUESTION 3:

- (A) On preparing a bank reconciliation statement for the month of January 2009, 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)**

(Question 3: Total Marks 22)

QUESTION 4:

- (A) What is a Trust Bank Account? What is the purpose and use of a Trust Bank Account? **(6 marks)**
- (B) Why should we use the 'Double Entry Bookkeeping System'? **(7 marks)**
- (C) Write short notes on:
- (i) Dishonoured Cheques **(4 marks)**
 - (ii) Direct Debits **(4 marks)**
 - (iii) Outstanding Cheques **(4 marks)**

(Question 4: Total Marks 25)

END