

UNIVERSITY OF SWAZILAND  
FACULTY OF SOCIAL SCIENCE  
DEPARTMENT OF LAW  
MAIN EXAMINATION PAPER MAY 2016

PROGRAMME OF STUDY : BACHELOR OF LAWS

TITLE OF PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : L307 (M) MAY 2016

TOTAL MARKS : 100 MARKS

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 are indicated at the end of each question.
  - 4 Show all the necessary workings.
  - 5 Round off as you deem appropriate.

Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and 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 OR SUPERVISOR.

SPECIAL REQUIREMENTS: CALCULATOR

**QUESTION 1**

Chiara Polverari Attorneys commenced operations on 1 January 2015 by introducing E500,000 into the business bank account. Other transactions during January 2015 included the following:

2	Paid office rent by cheque f to Khanyi Dlamini for January 2015	E5 000
3	Debited Yoliswa Masuku with fees in respect of a third party case	E7 000
4	Paid membership fees to the Swaziland Law Society by cheque for	E2 000
8	Bheki Khumalo instructs Chiara Polverari Attorneys to issue summons against his wife for a divorce and he paid an advance deposit of E10,000 for services yet to be rendered.	
10	Debited Celiwe Shabangu in respect of fees charged for collection from Darrel Nord	E20 000
12	Bought books for a law library paying by cheque	E30 000
20	Receive an account from Sheriff Celumusa Ndlangamandla in respect of the following clients:	
	Celiwe Shabangu	E2 000
	Yoliswa Masuku	E1 000
23	Receive a cheque from Yoliswa Masuku in settlement of her account	E8 000
23	Chiara Polverari Attorneys paid the Sheriff Celumusa Ndlangamandla The E1 000 that was due from Yoliswa Masuku as Yoliswa paid her Account with them.	
24	Billed Bheki Khumalo a final invoice for the Divorce	E6 000
25	Paid the following by cheque:	
	Telephone	E3 000
	Salaries	E100 000
27	Billed Sifiso Dlamini fees for services rendered an amount of	E50,000
31	Withdraw from the business bank account of Chiara Polverari Attorneys for private use	E10,000
31	Receive a cheque of E30 000 from Sifiso Dlamini for as part payment for the fees due from him.	

- 31 Received from Themba Mazibuko a cheque deposit of E20,000 for a criminal matter for which work shall commence in February 2015.

**Required:**

- a) Record the above transactions in the books of prime entry. (14 Marks)
- b) Prepare the ledger entries in respect of all the above transactions for the month of January 2015 in the books of Chiara Polverari Attorneys. (16 Marks)
- c) Extract a trial balance for Chiara Polverari Attorneys as at 31 January 2015. (10 Marks)

**NB: Ignore VAT**

**Total: (40 Marks)**

**QUESTION 2**

The following information relates to M&S Attorneys:

On 31 October 2014 the business bank statement reflects an overdrawn balance of E35,000. On the same date the cash book reflects a debit balance of E4,300.

After comparing the cash book entries with the bank statement, the following differences are identified:

- a) Items appearing on the bank statement but not yet on the bank statement:
  - i. Cheque number 13 for E1,500 in respect of stationery.
  - ii. A deposit of E12,000 on 31 October 2014.
  
- b) Items appearing on the bank statement but not yet in the cash book:
  - i. A cheque for E22,000 received from a debtor, W. Dlamini, is dishonoured.
  - ii. Interest on bank overdraft E1 200.
  - iii. The bank paid inadvertently a trust cheque for E18 400 from the business bank account.
  - iv. The monthly stop order of E2 200 in respect of vehicle lease.
  - v. An electronic transfer of E15,000 in payment of the account of a client, S. Masuku

**Required:**

The following in the books of M&S Attorneys:

- 1. The supplementary cash book for October 2014. (8 Marks)
- 2. The bank reconciliation statement at 31 October 2014. (12 Marks)

**Total: (20 Marks)**

**QUESTION 3**

- a) Write short notes on the following:
- i. Business bank account (3 Marks)
  - ii. Trust money (3 Marks)
  - iii. Trust creditors (3 Marks)
  - iv. Business money (3 Marks)
- b) Discuss the requirements that should be met before a transfer is made from the trust bank account to the business bank account? (8 Marks)

**Total: (20 Marks)**

**QUESTION 4**

Mark Attorneys was appointed as conveyancing attorneys in regard to the sale of property for Jane Dlamini to Yake Khumalo for E100 000 in the month of June 2015. In connection with the sale, the following transactions took in the month of June 2015:

- 1 June 2015 Mark Attorneys received instructions from Jane Dlamini to transfer property for E100 000 and agreement was signed on this date.
- 2 June 2015 You receive a guarantee for E60 000 from Chadbank Limited on behalf of the Yale Khumalo.
- 3 June 2015 Mark Attorneys receive a deposit of E10 000 and estimate costs (pro-forma costs) from Yale Khumalo of E8 000.
- 4 June 2015 Mark Attorneys receive E30 000 from a second bond holder called Finex Limited on behalf the Yale Khumalo.
- 5 June 2015 Mark Attorneys paid to the Receiver of Revenue a transfer duty of E3 000, City Council of Manzini E2,000 for rates and Paid Mr. Themba Dlamini E250 for the electricity certificate.
- 6 June 2015 Mark Attorneys registered transfer of the property. In terms of the agreement the firm of Attorneys was to pay the previous bond holder Chiara Limited E50 000 and E50 000 was remitted to Jane Dlamini.
- 6 June 2015 Mark Attorneys charged transfer fees of E2 000 and bond fees of E750 and all ledger entries in connection with the sale of the property were closed off on the same date.

**Required:**

Show all the entries in the relevant ledger accounts. Ignore VAT. Dates for all entries must be shown.

**Total: (20 Marks)**