

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW
MAIN EXAMINATION PAPER MAY 2018

PROGRAMME OF STUDY : BACHELOR OF LAWS

TITLE OF PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : L307 (M) MAY 2018

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

Nathi Attorneys commenced operations on 1 January 2017 by introducing E400 000 into the business bank account. Other transactions during January 2017 included the following:

1. 1 January 2017 paid office rent to Nadine Tiwang for the month of January 2017 by cheque amounting to E6 000.
2. 2 January 2017 received an advance deposit by cheque of E20 000 from Noxolo Dlamini for a divorce matter with her husband for which work is still to commence.
3. 3 January 2017 Nathi Attorneys paid membership fees for all the partners in the practice that amounted E5 000.
4. 5 January 2017 Billed Noxolo Dlamini a final invoice for the divorce with her husband an invoice of E15 000.
5. 8 January 2017 Bought books for a law library paying by cheque E30 000.
6. 20 January 2017 Received an account from Sheriff Musa Matsentjwa in respect of Noxolo Dlamini that amounted to E2 000.
7. 24 January 2017 paid the following expenses by cheque:

Telephone	E5 000
Salaries	E60 000
8. 25 January 2017 withdraw from the business bank account of Nathi Attorneys for private use E10,000
9. 26 January 2017 Bought computer equipment on a credit basis from Computronics (Pty) Ltd for E25 000.
10. 31 January 2017 Paid Computronics (Pty) Ltd by cheque the amount of E25 000

Required:

- a) Record the above transactions in the books of prime entry for the month of January 2017. (11 Marks)

- b) Prepare the ledger entries in respect of all the above transactions for the month of January 2017 in the books of Nathi Attorneys. (14 Marks)
- c) Extract a trial balance for Nathi Attorneys as at 31 January 2017. (5 Marks)

NB: Ignore VAT

Total: (30 Marks)

QUESTION 2

The bank columns in the cash book for June 2016 and bank statement for that month for Craig Attorneys are as follows:

Dr	CASH BOOK		Cr
	E		E
1-Jun-16 Balance b/d	1,410	5-Jun-16 L. Holmes	180
7-Jun-16 J. May	62	12-Jun-16 J. Rebus	519
16-Jun-16 T. Wilson	75	16-Jun-16 T. Silver	41
28-Jun-16 F. Slack	224	29-Jun-16 Blister Disco	22
30-Jun-16 G. Baker	582	30-Jun-16 Balance c/d	1,591
	2,353		2,353

	DR	Cr	Balance
	E	E	E
1-Jun-16 Balance b/d			1,410
7-Jun-16 Cheque		62	1,472
8-Jun-16 F. Lane	180		1,292
16-Jun-16 Cheque		75	1,367
17-Jun-16 J. Rebus	519		848
18-Jun-16 T. Silver	41		807
28-Jun-16 Cheque		224	1,031
29-Jun-16 SLM Standing order	52		979
30-Jun-16 Flynn: Trader's credit		64	1,043
30-Jun-16 Bank charges	43		1,000

You are required to:

- Write up the cash book up to date and to take the above into account. (6½ Marks)
- Draw up a bank reconciliation statement as on 30 June 2016 (8½ Marks)
- Discuss the purpose of preparing a bank reconciliation statement? (5 Marks)

Total: (20Marks)

QUESTION 3

Write short notes on the following:

- a) Fees (3 Marks)
- b) Trust money (3 Marks)
- c) Debtors (3 Marks)
- d) Business creditors (3 Marks)
- e) Trust transfer (4 Marks)
- f) Explain the concept of double entry (4 Marks)
- g) Explain the treatment of interest that is earned from the investment of trust money at the instruction of the client. (5)

Total: (25 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 2017. In connection with the sale, the following transactions took in the month of June 2017:

- 1 June 2017 Mark Attorneys received instructions from Jane Dlamini to transfer property for E100 000 and agreement was signed on this date.
- 2 June 2017 You receive a guarantee for E60 000 from Chadbank Limited on behalf of the Yale Khumalo.
- 3 June 2017 Mark Attorneys receive a deposit of E10 000 and estimate costs (pro-forma costs) from Yale Khumalo of E8 000.
- 4 June 2017 Mark Attorneys receive E30 000 from a second bond holder called Finex Limited on behalf the Yale Khumalo.
- 5 June 2017 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 2017 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 2017 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: 25 Marks