

UNIVERSITY OF ESWATINI
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF LAW

SUPPLEMENTARY EXAMINATION PAPER DECEMBER 2021

PROGRAMME OF STUDY : BACHELOR OF LAWS

TITLE OF PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : ACF408 (RE-SIT) DECEMBER 2021

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

Mark Attorneys had the following transactions during its first month of operation in January 2015:

1. January 2 The Attorneys commenced operations with capital of E210 000 in the bank account and immediately paid office rent of E6 500 by cheque for January 2015.
2. January 3 Bought books for his law library by cheque that amounted to E17 500 and bought stationery on credit from Classic World Stationery for E7 500.
3. January 4 Bought office furniture on a credit basis from Ellerines Furnitures.
4. January 7 Gcebile Khumalo paid Mark Attorneys a deposit E20,000 which was put into the trust bank account and on the same date she instructed the Attorneys to institute divorce proceedings against her husband.
5. January 20 Mark Attorneys billed Gcebile Khumalo for fees of E15 000 on her divorce case which was a final invoice. Mark Attorneys used the trust funds that had been received from Gcebile Khumalo to recover their fees and also received an account from the Sheriff for his services that amounted to E2000. The sheriff was paid by Mark Attorneys on the same date. The balance on Gcebile Khumalo's account was refunded to her on the same date as her case had been finalized.
6. January 26 Paid telephone expenses of E2 500 and on the same date made a part payment to Classic World Stationery of E5 000. Both payments were made by cheque.
7. January 31 Made an electronic transfer of January 2016 salaries that amounted to E60 000.

Required:

- a) Record the above transactions in the books of prime entry of Mark Attorneys for the month of January 2015. (17 Marks)
- b) Prepare the ledger entries in respect of the above mentioned accounts for the month of January 2015 in the books of Mark Attorneys. Note that control accounts are not required. (18 Marks)
- c) Extract a trial balance for Mark Attorneys as at 31 January 2015. (5 Marks)

Total: (40 Marks)

QUESTION 2

The following information relates to the partnership of Nozizwe and Nomathemba Attorneys after the statement of comprehensive income but before the appropriation section has been prepared:

1. Balances at at 1 March 2014:

Capitals on 1 Mar. 2014	Nozizwe	E150 000
	Nomathemba	E112 500
Current accounts on 1 Mar.14	Nozizwe	E22 800 Dr
	Nomathemba	E22 800 Cr

2. Transactions for the year

Drawings during the year	Nozizwe	E36 000
	Nomathemba	E23 400
Net profit for the year ended 28 February 2015		E555 900

3. Additional information:

The partnership agreement stipulates:

- i. Interest on fixed capital accounts of each partner at 12% per annum.
- ii. Interest on drawings for the year:

Nozizwe	E2 996
Nomathemba	E1 011
- iii. Nozizwe and Ndabenhle share profits and losses in the ratio 2:3 respectively.
- iv. Nozizwe and Ndabenhle were each paid a salary of E4 000 and E3 600 respectively.

Required:

- a) Write up the appropriation account of Nozizwe and Ndabenhle Attorneys as at 28 February 2015. (10 Marks)
- b) Show the current accounts of the partners in the general ledger as at 28 February 2015. (10 Marks)

Total: (20 Marks)

QUESTION 3

The following information relates to Friends Attorneys:

Bank reconciliation on 31 December 2015		E	E
Balance as per supplementary cash book			132,500
Add: Unpresented cheques			
	No.267 5,000		
	No.273 12,500		
			17,500
Less: Outstanding deposits			(30,000)
Balance as per bank statement on 31 December 2015			120,000

Business cash book for January 2016

BUSINESS CASH BOOK FOR JANUARY 2016			
DATE	REC N	(RECEIPTS	Bank
1		Balance b/d	132,500
7	D1	P. Parys	68,000
11	D2	L. Lion	25,000
19	D3	C. Chatre	500
30	D4	M. Monto	80,000
			306,000
1-Feb		Balance b/d	224,470

Date	Cheque No.	Payments	Bank
2	274	Rent paid	17,200
3	275	Office equipment	54,000
16	276	Revenue stamps	80
17	277	Water and electricity	7,500
30	278	Advertisements	2,750
31		Balance c/d	224,470
			306,000

Bank statement for January 2016

DATE	DETAILS	DEBIT	CREDIT	BALANCE
		E	E	E
1	Balance			120,000
1	Deposit		30,000	150,000
4	Cheque 274	17,200		132,800
8	Cheque 275	54,000		78,800
8	Deposit		68,000	146,800
10	Cheque 273	12,050		134,750
12	Deposit		25,000	159,750
17	Cheque 276	80		159,670
19	Cheque 277	7,500		152,170
20	Deposit		500	152,670
23	Interest on credit balance		2,120	154,790
25	Rd- Cheque 2605	21,000		133,790
27	Cheque 561	10,000		123,790
29	Stop order - Insurance	2,000		121,790
30	Bank charges	750		121,040

Additional information

- Cheque 273 in respect of office rent was originally posted incorrectly as E12 500 instead of E12 050 in the cash book.
- Trust cheque 561 was inadvertently drawn on the business bank account.
- RD – Cheque 2605 was originally received from C. Carlo.

Required:

Prepare the following in the books of Friends Attorneys:

1. The supplementary cash book for January 2016. (7 Marks)
2. The bank reconciliation statement at 31 January 2016. (13 Marks)

Total: (20 Marks)

QUESTION 4

The following transactions took place in regard to the sale of Mr. Q. Banker's property to Ms Dumo during the month of June 2018.

- 1 June 2018 Agreement signed. Marx Attorneys are appointed as conveyancers. Sale price E180 000.
- 6 June Ms Dumo pays Marx Attorneys a deposit of E40 000 by cheque.
- 7 June As instructed, Marx Attorneys invest the E40,000 with the NBS.
- 10 June Ms Dumo pays Marx Attorney's pro-forma fee account of E14,000 by cheque.
- 19 June Marx attorneys receives a cheque of E11,000 from Ms Dumo and pays the Receiver of Revenue E9 000 in respect of a transfer duty receipt and pays a rates clearance certificate to the City Council of Mbabane. Marx Attorneys receives a guarantee for E140 000 from Allied Bank on behalf of Ms Dumo.
- 30 June Transfer is registered. Marx Attorneys collects E40 820 from NBS and E140 000 from Allied Bank. Mr Q. Banker (Seller) is paid the purchase price and after taking the fees owed Marx Attorneys, Ms Dumo receives a cheque for E820 from the Attorneys.

You are required to:

Show all the entries in the relevant ledger accounts. Make no allowance for VAT. Dates of all entries must be shown. (20 Marks)

Total: (20 Marks)