

UNIVERSITY OF SWAZIALND

FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF LAW

MAIN EXAMINATION PAPER 2005

**DEGREE / DIPLOMA AND YEAR OF STUDY: BACHELOR OF LAWS-
- YEAR THREE & FIVE**

TITLE OF THE PAPER : ACCOUNTING FOR LAWYERS

COURSE CODE : L307 / L506 (M) 2005

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 your 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.

QUESTION 1:

On the 30th April 2003 your Business Cash Book showed a balance at the bank of E 5,600.00 (Emalangeneni five thousand six hundred). On comparing this balance with that shown on the Business Bank Statement dated the same date you find that they disagree. On checking, you discover the following:

- (a) The bank has debited your account with E 54.00 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 E 410.00 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 E 210.00 in respect of insurance premiums;
- (d) Two cheques, totalling E 654.00 which you had drawn in payment of business creditors, on 29th April 2003 have obviously not reached the creditors by 30th April, and thus had not been presented to your bank for payment;
- (e) A payment to the Swaziland Electricity Board, by cheque, on 10th April 1996, for E 115.00, had been entered in the cash book as E 151.00;
- (f) The balance in the cash book (debit) brought down at 1st April, of E 4 980.00, was incorrect. This should have been E 4,890.00;
- (g) A cheque received from a business debtor, K. Zwane, for E 105.00, on 30th April, had not yet been credited by your bank;
- (h) Your bank has debited your business bank account with an amount E 500.00 which represents a cheque drawn on your private bank account;
- (i) A cheque for rent paid, of E 750.00, for the month of April had been entered on the wrong side of the cash book.

REQUIRED:

- (a) Correct and complete the cash book for the month of April in order to arrive at an amended balance; (13 marks)
- (b) Reconcile the amended cash book balance with that as shown on the bank statement. (12 marks)

(Total 25 marks)

QUESTION 2:

- (a) Why is it not necessary for an attorney to reflect in the Statement of Account sent to his own client the one-third allowance on fees which he has received from his correspondent? **(3 marks)**
 - (b) You received a cheque for E 800.00 from your client, A. Hlophe which you deposited in your Trust bank account. This cheque has been returned to you by your bank marked "refer to drawer". What entries would you make in your books to rectify the matter? **(3 marks)**
 - (c) After your first month in practice you notice that on receipt of the Trust Bank account statements there is an amount of E 56.00 debited in respect of sundry bank charges. In what two ways could you ensure that bank charges on your Trust Bank account do not reduce the amounts due to Trust creditors as shown in the Trust ledger? **(3 marks)**
 - (d) On preparing a bank reconciliation of your Trust cash book you notice that a cheque for E 700.00 that you sent to client Bob Marley several months ago has still not been presented to your bank for payment. You telephone your client who informs you that he never received your cheque and that he wishes to receive payment immediately. Detail the steps you would take and the entries you would make to rectify the position and to pay Bob Marley his E 700.00. **(9 marks)**
 - (e) Your client, E. Masuku has a credit balance of E 100.00 on his Trust ledger account. In error you post him a cheque for E 1,000.00. E. Masuku has cashed the cheque and disappeared without trace. What would you do and what entries would you make in your books to rectify this mistake? **(7 marks)**
- (Total 25 marks)**

QUESTION 3:

Define a Control Account for the Clients' Business ledger. What purposes does it serve?

From where is the information obtained for the purpose of compiling such an account?
(25 marks)

QUESTION 4:

Robert Dlamini has been instructed by client John Sikhondze to conduct an appeal against conviction for tax evasion. The following transactions occur:

2003

Jan. 10	Payment of E 14.00 made to Photocopy Service Ltd. for four sets of documents, from Business bank account;
Jan. 14	Received a cheque from Sikhondze for E 460.00 on account;
Jan. 16	Paid from petty cash the sum of E 18.00, in order to contact witness;
Jan. 19	Expert witness fee of E 135.00 paid to K. Jones a Chartered Accountant, from business bank account;
Jan. 20	E 42.00 paid from Trust bank account, for transcripts;
Feb. 15	A fee of E 130.00 is charged to Sikhondze;
Feb. 28	Sikhondze 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 Sikhondze the balance due to him.

REQUIRED:

Record the above transactions in the following books:

(a) Clients' Business ledger	(7 marks)
(b) Clients' Trust ledger	(6 marks)
(c) Fees Journal	(2 marks)
(d) Business and Trust cash books	(8 marks)
(e) Transfer Journal	(2 marks)

Petty cash book is not required. You may use combined ledgers and cash books.

Folio columns must be completed.

(Total 25 marks)

GOOD LUCK