

**UNIVERSITY OF SWAZILAND**

**FACULTY OF SOCIAL SCIENCE**

**DEPARTMENT OF LAW**

**MAIN EXAMINATION PAPER 2007**

PROGRAMME OF STUDY	:	BACHELOR OF LAWS
YEAR OF STUDY	:	YEAR THREE (3) – L307 YEAR FIVE (5) – L506
TITLE OF THE PAPER	:	ACCOUNTING FOR LAWYERS
COURSE CODE	:	L 307 (M) 2007 (New programme) L 506 (M) 2007 (Old programme)
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 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: NONE**

**QUESTION 1:**

On the 30<sup>th</sup> April 2006 your Business Cash Book showed a balance at the bank of E 5,600.00 (Emalangenani 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 29<sup>th</sup> April 2006 have obviously not reached the creditors by 30<sup>th</sup> April, and thus had not been presented to your bank for payment;
- (e) A payment to the Swaziland Electricity Board, by cheque, on 10<sup>th</sup> April, 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 1<sup>st</sup> 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 30<sup>th</sup> 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:**

S Makhanya instructed G Mamba, attorney at law, to act on his behalf in Makhanya Vs Mdluli. The following were the transactions in connection with the case:

- i. Paid the sheriff, E65, being his fee for the summons;
- ii. Received Makhanya's deposit of E700;
- iii. You instructed Counsel (Advocate Masango) whose bill Mamba received, showing that he had marked his brief E200 for the drawing of the declaration and replication;
- iv. Advocate Masango (counsel) marked his brief E640 for attending on trial;
- v. Makhanya wins the case and the following bill was taxed as between party and party:
 

Sheriff's costs	E 35
Counsel's fees	E600
Mamba's fees	<u>E100</u>
	E735
- vi. The following account was sent by Mamba to Makhanya as between attorney and client:
 

Sheriff's costs	E 30
Counsel's fees	E240
Fees	<u>E 50</u>
	E320
- vii. Mdluli pays Mamba E735, the amount of the taxed party and party bill;
- viii. Mamba balances Makhanya's accounts and makes the permitted transfer, thereafter drawing a cheque for the amount;
- ix. Paid Makhanya the balance due to him;
- x. Mamba pays Advocate Masango (counsel) the full amount due.

**Required:** Record the above transactions in the following books:

- |     |                          |           |
|-----|--------------------------|-----------|
| (a) | Trust Cash Book          | (4 marks) |
| (b) | Business Cash Book       | (4 marks) |
| (c) | Client's Trust Ledger    | (7 marks) |
| (d) | Client's Business Ledger | (7 marks) |
| (e) | General Journal          | (4 marks) |
| (f) | Fees Journal             | (2 marks) |
| (g) | Transfer Journal         | (2 marks) |

**(Total 30 marks)**

**QUESTION 3:**

- (A) "Generally speaking, it is not necessary to prepare a Clients' Trust Ledger Control Account". Comment on this statement. (5 marks)
- (B) Describe the use of the Transfer Journal, stating the procedure you would use to ensure that no more than what is permitted is transferred from the Trust bank account to the Business bank account at intervals of one month. (13 marks)
- (C) Write short note on "Trust Money". (7 marks)

**(Total 25 marks)****QUESTION 4:**

- (a) 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? (4 marks)
- (b) 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. (8 marks)
- (C) 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)****END****GOOD LUCK**