

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF SOCIAL SCIENCE**  
**DEPARTMENT OF LAW**  
**MAIN EXAMINATION QUESTION PAPER**  
**MAY 2013**  
**ACADEMIC YEAR 2012/2013**

PROGRAMME OF STUDY	:	BACHELOR OF LAWS
YEAR OF STUDY	:	YEAR THREE (3)
TITLE OF THE PAPER	:	ACCOUNTING FOR LAWYERS
COURSE CODE	:	L307 (M) 2013
TIME ALLOWED	:	THREE (3) HOURS
TOTAL MARKS	:	100
INSTRUCTIONS	1	There are three (3) questions, <u>answer all</u> .
	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: CALCULATOR**

**QUESTION 1**

Tshepo Malepa Attorneys had the following transactions during its first month of operation:

**2013**

- January 2      Tshepo invested E105,000 cash and E210,000 into a bank account in the name of Malepa Attorneys.
- Received a loan of E35,000 from his friend Phumlani Ceko by cheque.
- Paid office rent for January by cheque amounting to E6,500.
- Purchased a new telephone system from SPTC for E8,000. No payment was made.
- Bought books for his law library by cheque amounting to E17,500.
- Bought stationery on credit from Classic World Stationery amounting to E7,500.
- Bought office furniture on credit from Ellerines Furnitures for E33,000.
- Bought a computer from Netcomm for cash amounting to E4,000.
- Bought an all-in-one photocopier/printer/scanner/fax from Busi Quip amounting to E1,250 for cash.
- Spent E600 entertaining prospective clients. Paid by cash.
- January 3      Provided legal services on credit for a client, Gcebile Dlamini and billed her E7,600.
- January 7      Completed legal assistance to a client, Gugulethu Fakudze and immediately collected a fee of E6,000. Gugulethu paid by cash.
- January 9      Charged fees for services rendered to Mukelwe Dlamini and received a E11,100 cash payment.
- January 10     Received commission amounting to E10,000 in respect of a property transaction for Nombulelo Dlamini who paid cash.
- January 12     Rendered services for cash to Lucky Groening amounting to E12,000.

- January 15     Provided legal services on credit for a client, Nondumiso Kunene and billed her E9,500.
- January 16     Repaid E10,000 of Phumlani's loan.
- January 19     Repaid E7,500 of the furniture account.
- January 20     Repaid E3,000 of the stationery account.
- January 21     Received cash amounting to E3,000 from Gcebile.
- January 22     Received E5,500 from Nondumiso by cheque.
- January 25     Paid SPTC E3,000 with a cheque in respect of the new telephone system.
- January 28     Paid staff salaries with a cheque of E17,500.
- January 29     Received and paid telephone account with a cheque of E675.
- Charged and received fee payments amounting to E8,750 by cash.
- Paid E250 with a cheque to entertain Mrs. Malepa. This expenditure was not in any way connected with his legal practice.
- January 31     Paid entertainment costs of E1,200 with a cheque. This was a celebration dinner after Malepa's girlfriend won the lottery.
- Paid entertainment costs of E700 with a cheque. This was for a celebration dinner after the successful defence of a client Sifiso Muzime.
- Paid E1,175 by cheque for electricity.
- Paid the water bill by cash amounting to E390.

**You are required to:**

- (a) Record the above transactions in the relevant ledger accounts of Tshepo Malepa Attorneys for the month of January 2013 and balance off each account at the end of the month (January 31, 2013). **(32 ¾ marks)**
- (b) Extract a Trial Balance as at January 31, 2013. **(6 ¼ marks)**

**(Question 1 - Total marks : 39)**

**QUESTION 2**

The following relates to the attorney's practice of Hasso Magagula. Transactions during July 2012 were as follows:

	E
2 Paid office rent for July to the landlord Welile Makama by cheque	4,000
Charged fees for services rendered to Nkosing'phile Maseko and received cash payment	60,000
Purchased revenue stamps by cheque	1,000
Issued a petty cash cheque	1,000
2 Debited Nombulelo Dlamini with fees in respect of a third party case	3,300
Received a deposit from Gugulethu Fakudze for a future purchase of property	100,000
3 Paid membership fees to the Swaziland Law Society	690
4 Paid advertisements in respect of a client Precious Dlamini by cheque	400
6 Charged fees to register a mortgage bond in favour of a client Nomsimisi Mpungose	4,000
8 Nontsikelelo Msibi instructed Hasso to issue a summons against her husband for a divorce and paid a deposit in this regard	1,500
10 Debited Thembumenzi Kunene in respect of fees charged for collection from Nondumiso Kunene	490
Paid costs regarding the divorce case of Nontsikelelo Msibi	770
13 Paid the following from petty cash	
Milk and sugar	200
Tea and coffee	200
Stationery	350
Postage stamps	100
Paid registration of a letter to Sibonginkosi Dlamini	80
25 Issued revenue stamps to prepare:	
A mortgage bond in favour of Nobantu Dlamini	350
An ante-nuptial contract for Nkululeko Ndzimandze	250
A lease contract for Sabelo Shabangu	200
27 Paid a deposit for purchasing property on behalf of Gugulethu Fakudze	70,000
Received an account from Sheriff Lenhle Simelane in respect of the following clients:	
Silindile Sithole	200
Thando Masondo	430
28 Registered a mortgage bond in favour of client Enock Mdluli and used revenue stamps from stock	150
Charged fees in this regard	1,980
Received a cheque from Nombulelo Dlamini in settlement of	

	his account	3,300
29	Received an account for printing from Siyabonga Zwane	900
	Received an account from Advocate Chiedza Vushe in respect of a client Ncamsile Vilane	200
30	Paid the following by cheque:	
	Water and Electricity	800
	Telephone	3,200
	Salaries and wages	9,200
30	Paid short term insurance for 1 July to 31 December 2012 by cheque	2,640
31	Drew a cheque to replenish the petty cash imprest	

**Required:**

Record the above transactions in the under-mentioned books of prime entry of Hasso Magagula Attorneys for the month of July 2012.

- |                       |             |
|-----------------------|-------------|
| 1. Business cash book | (15½ marks) |
| 2. Trust cash book    | (7½ marks)  |
| 3. Fees journal       | (3 marks)   |
| 4. Sheriffs journal   | (1½ marks)  |
| 5. Advocates journal  | (1 mark)    |
| 6. General journal    | (1 mark)    |
| 7. Petty cash book    | (10 marks)  |
| 8. Revenue stamp book | (4½ marks)  |

**(Question 2 - Total marks : 44)**

**QUESTION 3**

The following information relates to Rosemary Uyo Attorneys:

1. The bank account in the firm's business ledger on June 30, 2012 reflected a debit balance of E50,004.
2. Before commencing the task of reconciling the bank account in the ledger with the bank statement, the total of the business cash receipts during July 2012 was E117,778 and the total of the business payments during July 2012 was E169,778.

3. The business bank statement showed a credit balance of E14,904 as at July 31, 2012.
4. Cheque 003 for E4,950 has been entered twice in the cash book.
5. The following cheques that appear on the June 2012 business bank reconciliation statement did not appear on the July 2012 bank statement:
  - Cheque number 001 – E1,682 drawn on December 31, 2011 in favour of a creditor, Sebenele Nhlengethwa.
  - Cheque number 002 – E1,803 drawn on March 27, 2012 in favour of a creditor, Ncamsile Vilane.
6. The following business cheques issued during May 2012 have not yet been presented to the bank for payments:
  - Cheque number 016 – E25,959
  - Cheque number 023 – E3,600
8. A cheque for E6,000 received from a debtor, Mayibongwe Mntungwa was deposited on July 27, 2012 and was dishonoured on presentation. Fee charged by the bank for this returned cheque amounted to E425.
9. Interest paid to the firm of E130 and Bank charges of E349 appear in the bank statement.
10. A cheque for E1,500 that was issued to Sheriff Silindile Sithole has been lost and must be written back.
11. A direct payment of E6,000 from a debit order by a debtor of the firm, Mfanawenkhoi Khumalo appears on the bank statement but not yet in the cash book.
12. Deposits recorded by the firm of E16,200 are not reflected in the bank statement.
13. An amount of E12,750 deposited by yourself into your trust account has been credited to your business account by error.
14. Bank charges of E300 in respect of the trust bank account appear in the business bank account.
15. A cheque drawn for E300 on the firm's business bank account is shown in the bank statement as having been drawn as E3,000.
16. A cheque of E9,735 issued to the firm's landlady, Thandeka Fakudze for rent on July 2, 2012 was incorrectly recorded in the firm's cashbook as E10,275.
17. Cheque 009 in respect of water and electricity was originally posted incorrectly as E1,050 instead of E1,250 in the cash book.
18. The monthly stop order of E6,600 in respect of vehicle lease is reflected in the bank statement but not yet in the cash book.
19. An electronic transfer of E15,000 in payment of the account of a client, Sindi Hlophe appears on the bank statement but not yet in the cash book.
20. The bank statement shows a cheque printing fee of E270.
21. The bank inadvertently charged the firm's bank account for another law firm's bank fees amounting to E570.

22. The law firm deposited a E5,000 cheque from a customer, Bongumenzi Mkhonta into its cheque account. A few days later the cheque was returned with the notation “**account closed**” and the bank deducted the amount on the bank statement.

**Note : Your instructions to the bank are to debit your business account with the trust account bank charges.**

**Required:**

1. Prepare a supplementary cash book for the month of July 2012. **10 marks)**
2. Prepare a bank reconciliation statement on July 31, 2012. Start your answer with the balance as per bank statement. **(7 marks)**

**(Question 3 - Total marks : 17)**

===== **END OF PAPER** =====