

GREAT ZIMBABWE UNIVERSITY
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EXAMINATIONS OFFICE



HEBERT CHITEPO LAW SCHOOL

BARCHELOR OF LAWS HONOURS DEGREE EXAMINATION QUESTION PAPER

MODULE	LLB512
MODULE NARRATION	ACCOUNTING FOR LEGAL PRACTICE
DATE	2024
DURATION	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer **ALL** questions.
2. You are advised to read all questions carefully before attempting to answer any.
3. Use of calculators is permitted.
4. This examination paper has 4 pages including cover page.

QUESTION 1

Comment on each of the following.

- a) T and M Legal Practitioners operate a business current, a business savings, a trust current as well as a trust savings account. On 10 November they withdrew a sum of \$20 000 from the trust savings account being interest earned which amount they then deposited into their business current account. (5)
- b) The legal practitioner received cash in the sum of \$30 000 00 from his client on a Monday. Of that sum, \$20 000 00 was for onward transmission to a creditor whilst \$10 000 00 was a payment for services the legal practitioners had rendered to the client some weeks ago. The legal practitioner deposited the \$30 000 00 into his business account the following Friday. (5)
- c) A legal practitioner's practicing certificate was due to expire on 31 December 2023. She submitted her application for renewal of the practicing certificate together with the audit certificate on 7 December and on 15 December 2023 she paid the Compensation Fund the interest due to it. (5)
- d) The bank despite being informed that Mr Lawyer was under investigation for abusing his trust account, honoured a transfer request for \$500 000 payable to Mr Lawyer and drawn on Mr Lawyer's trust account. (5)
- e) On 15 May 2021, a legal practitioner prepared a list of his clients' credit balances as at the 30 March 2019 and noted them in a prominent manner in his ledger. On 30 May 2023 the legal practitioner destroyed the list of the clients' credit balances (as at the 30 March 2019). (5)

(25 Marks)

QUESTION 2

The following Trial Balance was extracted from the books of a legal practitioner at the financial year end, the 31 December 2023.

	Dr	Cr
	\$	\$
Client Debtors	4 750	
Stationery and office expenses	2 150	
Capital		12 500
Furniture and Equipment	6 000	
Employees' Salaries	12 000	
Clients Trust Accounts		8 600
Library	10 000	
Interest on Trust Savings		400
Balances at bank: Business Current Account		890
Trust Current Account	6 550	
Trust Savings Account	2 050	
Fees		20 000
Business Creditors		3 100
Drawings	1 990	
	<u>45 490</u>	<u>45 490</u>

YOU ARE REQUIRED TO prepare the income statement (profit and loss account) of the firm for the year together with the statement of financial position (balance sheet) as at that date.

(20 Marks)

QUESTION 3

On 30 December 2023 the Trust Cash Book of Magwagwa Law Practice showed a debit balance of \$1 600. The Bank Statement showed a credit balance of \$2 210. A comparison of the books showed the following differences:

- Ledger fees of \$30 had been charged against the Trust Current Account. The bank was in possession of standing instructions that the charges were to be debited against the Business Current Account;
- Cheques totaling \$890 had not been presented for payment;
- A deposit of \$240 from a client had been returned to client marked 'Referred to

Drawer' iv. A cheque for \$340 had in error been entered as \$330 in the Cash Book but the Bank had entered the correct amount.

YOU ARE REQUIRED TO adjust the Cash Book and thereafter prepare a bank reconciliation statement to reconcile the difference between your adjusted Cash book and the Bank statement as at 30 December 2023. **(15 Marks)**

QUESTION 4.

Explain how the bookkeeper of the firm M & N Legal Practitioners would enter each of the following transactions in the firm's books of account.

- (a) Purchase of revenue stamps worth \$10 000 for use as and when required. [2]
- (b) The payment to Mr Baker of \$60 000 being the sum collected from his debtors. [2]
- (c) The receipt of the sum of \$20000 from Daggie as a payment in respect of a debt owed to your client Sam. Sam owes the firm an amount of \$300, 00 for services rendered on his behalf. [2]
- (d) Payment of rental for the office premises in the sum of \$500. [2]
- (e) The purchase of a computer to be used for the preparation of trust accounts. [2]

(10 Marks)

TOTAL MARKS: 70 MARKS

END OF QUESTION PAPER