

NATIONAL UNIVERSITY OF LESOTHO

FACULTY OF LAW

L 386-ACCOUNTING FOR LAWYERS

MAY: 2019

MARKS:100

TIME:3 HOURS

INSTRUCTIONS:

1. Answer any FOUR (4) questions.
2. Questions carry 25 marks each.
3. Answer each question on a fresh page.

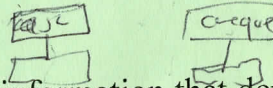
QUESTION 1

- a. Write a brief to your client who is about to open his law firm and explain why, in managing his legal practice successfully as a business entity, he has to, amongst others, maintain books of account. **10 Marks**
- b. Discuss the oversight role of the Law Society Council and the instruments it relies upon to protect the honour and dignity of the legal profession. **7 Marks**
- c. Explain the importance of the part taken by independent auditors in ensuring that the oversight role of Council is indeed discharged in accordance with the provisions of the Legal Practitioners' Act 1983 **8 Marks**

[25 MARKS]

QUESTION 2

Working in the bases that Bookkeeping and Accounting maps the path taken by each and every transaction that ever occurs in a business entity from a point it is recorded in a document of prime entry to a point when it forms part of the financial statements:



- a. Draw a sketch showing the flow of information that depicts the path referred to in the statement above. Your sketch should reflect transactions in the business as well as the trust records of a legal firm and how they interlink. **18 Marks**
- b. In another sketch show how bookkeeping information is a reflection of the parties that an accounting entity interacts with. **7 Marks**

[25 MARKS]

Court

QUESTION 3

- a. The following are the transactions that occurred in a legal firm. Show how each one of them will be reflected in the accounting equation:
- M50, 000.00 is deposited in the new business firm's bank account. The money comes from legal practitioner's personal savings.
 - Initial rent of M1,500.00 is paid to office landlord.
 - Bought Furniture and paid M3,000.00 cash
 - Engages a clerical assistant and promises her wages of M500.00 per week based on good performance. This amount is not paid at this juncture.
 - Through marketing efforts of the clerical assistant, the firm is paid a visit by a first client 'Matanki Liphoso. The client pays consultation fee of M500.00, and a deposit of M2,000.00 for the service yet to be rendered.
 - The mandate of the first client is discharged with speed, and fees of M1,500.00 are earned and recorded.
 - Through journal entries show the transfer of the amount earned by the firm after it was first received in the trust account.

21 Marks

4 Marks

QUESTION 4

The following are transactions that took place during the month of March 2019 in the legal firm of Bothata Thuto. You are required to open and write up her nominal ledger accounts and balance them on the 31 March 2019.

Date in March 2019 Transaction Amount in Maloti

1	Balances brought down from February:	
	▪ Capital	50,000.00
	▪ Cash at bank	70,000.00
	▪ Business debtors	3,000. 00
	▪ Trust creditors	8,000.00
1.	Received cash from a client for consultations	500.00
4	A business debtor paid against outstanding debt brought down at the beginning	

Business Cash	
2000	1500
Debtor	
1500	2000

Trust Account	
2000	1000
1500	
Creditor	
2000	1500

	of the month	1,500.00
5	Completed a client's mandate and earned fees	2,000.00
	(This is the client whose M6,000 .00 formed part of the money held in trust on the first day of the month)	
6	Bought stationery on credit from Masowe Stationers	1,250.00
13	Made appearance in court on behalf of yet another client whose money is held in trust (her money in trust is M2,000.00) recorded fees earned	3,000.00
16	Bought revenue stamps	400.00
18	Completed court papers for client Matsebetsebe Koto The fees earned but not yet received	3000.00
22	Matsebetsebe Koto paid	1,800.00
27	Paid clerical staff wages for the month	2,000.00
29	Paid self an amount for personal use	3,000.00
29	Paid court messenger's fees	250.00
31	Balance the accounts	

[25 MARKS]

QUESTION 5

- it is not accurate*
- (a) Describe a trial balance, its usefulness, and its short-comings **6 Marks**
- (b) List 5 balance day adjustments, and illustrate how they are included in the accounts with examples **15 Marks**
- (c) Explain the difference between annual depreciation charge and accumulated depreciation **2 Marks**
- (d) Explain the difference between actual bad debts incurred and provision for doubtful debts **2 Marks**

2 Marks
[25 MARKS]

1156 / 21

QUESTION 6

- a) Discuss the *ratio decidendi* that establishes the role of the attorney regarding the preparation and maintenance of books of account in a law firm in the case of Matšaseng Ralekoala v Minister of Justice and 2 others. Constitutional Court Case No. 3/11 10 Marks

- b) Explain how trust records are instrumental in safeguarding money received by an attorney from clients and kept in his custody before he discharges his mandate 15 Marks

you know, i didn't choose this happened to me, how it every 2
will go around laughing as if i called this on my self then let it be, but let
one day is one day they should just wait out that [25 MARKS]
the lord don't bring the same dilemma on them. they just don't know how
much i wish to turn back the clock and never leave visited my granny that
would just know how much i wish i could never leave visited my granny that
day, but hey, can't turn back the clock should just live with it, it is
so surprising at times being disrespected by some people whom when you look
at them just wonder, where did they get the audacity to talk about me
bcz they are not better anyway. mmm. guess am stuck in this undeterminable
like, unclear and unsure. just wonder how i could have been, it's so sad
to be missing to know the real you, bcz the me that i live right now, i
so not me. wish i could turn back the clock, and this not happen 2
me, am carried with so much hatred inside, so much bitterness, the
the wounds can't heal, they get worse and worse as i grow up now,
guess am stuck in this midlife crisis. wish there was another way, could
mend this, wish there could just be a better way to do away with
this. bcz now have 2 be quiet even when belittle, bcz that's what this
dilemma depicts anyway, even if i can deny it, that's just how things are
can't run away from this chain. They are holding both my hands and feet
can't go no where. all i should just do is accept that, this is
life it'll be leaving. no matter how i would wish to, i just can't

