



ZIMBABWE EZEKIEL GUTI UNIVERSITY
FACULTY OF LAW

EXAMINATION PAPER

COURSE CODE : LLB 501
COURSE TITLE : Accounting For Legal Practitioners
DURATION : 3 Hours
LEVEL : 5.1
DATE :

17 FEB 2022

INSTRUCTIONS TO CANDIDATES:

1. This question paper comprises of two printed pages.
2. This question paper comprise of four questions.
3. Answer all questions.
4. Start each question on a new page of your answer sheet

Question 1

Mr. Lawyer a Legal Practitioner, after summarising the accounts for income, expenditure, debtors and creditors, produces the following trial balance extracted from his records as at the 31st December 2021.

	DR	CR
Capital		25 000
Drawings	14 500	
Office Equipment	11 000	
Motor Car	9 000	
Investment	6 060	
Client Debtors	4 625	
Deposits on behalf of Clients		20 725
Business Creditors		2 000
Fees		66 760
Cash at Banker: Business Current Account	6 075	
Trust Current Account	10 225	
Trust Savings Account	9 520	
Office Expenses	14 000	
Staff Salaries and Wages	30 000	
Interest received on Trust Savings Account		520
	115 005	115 005

The following matters have to be taken into account:

- An amount of \$2 000 which had been received in settlement of an account rendered for fees charged in November had been deposited in the Trust Current Account.
- An amount of \$500 had been debited to the client's business account instead of his trust account.
- Payment of \$75 had been made to another legal practitioner for services rendered on behalf of a client. Payment had been made out of the Trust Bank Current Account although the client had no deposit with Mr Lawyer's firm. The amount had been posted to an account for the client in the trust ledger.

A client had paid an amount of \$3 000 to be deposited on his behalf pending the settlement of an offer that he had made in an action being brought against him. The money had been paid into the Business Current Account although the ledger entry was made in the client's trust account.

(e) Mr Lawyer wants to make provision in his accounts for the payment of 25% of the interest received by him to the Compensation Fund.

You are required to show by means of journal entries how the adjustments will be effected in the books of Mr Lawyer's firm and thereafter, after calculating his profit for the year, prepare his Balance Sheet as at 31st December, 2021. (20)

Question 2

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 2021 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 financial year end of D and H Legal Practitioners was the 30 April 2021. The annual audit was completed on 30 May 2021 and the audit certificate was submitted to the Law Society on 15 October 2021.

(5)

c) A legal practitioner's practising certificate was due to expire on 31 December 2021. She submitted her application for renewal of the practising certificate together with the audit certificate on 7 December and on 15 December 2021 she paid the Compensation Fund the interest due to it.

(5)

d) On 15 May 2021, a legal practitioner prepared a list of his clients' credit balances as at the 30 March 2021 and noted them in a prominent manner in his ledger. On 30 May 2021 the legal practitioner destroyed the list of the clients' credit balances (as at the 30 March 2021).

(5)

[20 marks]

Question 3

In most law firms in Zimbabwe accounting and book keeping is done by professional secretaries or accountants. Discuss the justification for teaching law students Accounting for Legal Practitioners as a core course. [20 marks]

Question 4

On 2 February 2021, your client Christine gives you instructions to register a company on his behalf. She pays you a deposit of \$3 000. From your business account you pay the Registrar of Companies \$200 being the fee for the search and reservation of the name of the company.

On 8 February you are advised by the Registrar that the name of the company has been reserved. You immediately pay the Registrar the sum of \$500 from the business account being the registration fee. On 28 February you raise a fee of \$1 600 for your attendances in the matter and you transfer funds from the trust account to offset Christine indebtedness to you. You then pay Christine the balance due to her.

YOU ARE REQUIRED to record the above transactions in your trust and business ledger and to thereafter balance your accounts

[10 marks]

****END OF PAPER****