



RIARA LAW SCHOOL

FOURTH YEAR UNIVERSITY EXAMINATION FOR BACHELOR OF LAWS (LLB) DEGREE

JANUARY-APRIL 2022

RLB 401: ACCOUNTING FOR LAWYERS

INSTRUCTOR: OYOO WILLIS

INSTRUCTIONS

1. This is the final examination in Accounting for Lawyers. You will earn 70% of your final grade from this final examination and 30% from Continuous Assessment Assignments.
2. This examination has **FOUR** questions. Answer **QUESTION 1 AND ANY OTHER TWO QUESTIONS**.
3. This examination has 5 pages, including this one.
4. Time allocated for this examination is **FIVE** (5) hours.
5. This is an **OPEN BOOK** examination. This means that you may make reference to relevant course material supplied to you during the semester to aid you in crafting your answer. You are **NOT** allowed to consult third parties for assistance in the course of this exam. You are at liberty to use **STAND ALONE CALCULATORS** in this exam.
6. This examination is governed by **Riara University Academic Honesty Regulations**. Students who violate those regulations will be penalized. Students have an obligation to report to the course instructor any incidences of academic dishonesty compromising the integrity of this examination.

QUESTION 1 (30 Marks) COMPULSORY

Jeff Advocates have been in business for a while. Prepare, Journals, Ledgers and Trial balance for its transactions below for the period ending 31st Dec 2022

- a) 1st January 2022 Started business with Kshs 2,100,000 capital in the bank.
- b) 4th February 2022 Acted as Company Secretary for XYZ Valuers for a fee of Kshs 335,000. The same was settled in Cash
- c) 8th March 2022 Allocated Kshs 30,000 from bank to be used for Petty Cash.
- d) 8th March 2022 Bought furniture and Fittings valued at Kshs 230,000. The same is to be depreciated annually at 10%.
- e) 3rd February 2022 Acquired an office Van valued at Kshs 780,000 on credit from Toyota Kenya
- f) 10th April 2022 received additional Office equipment of Kshs 840,000 from Victory Furniture. Kes 250,000 was settled upfront with the balance to be settled by a loan from Kenya Commercial bank.
- g) 11th June 2022, was approached by client XYZ Limited to act as its company lawyers. The same was charged Kshs 430,000. XYZ Limited deposited Kshs 20% in cash upfront with the remaining 80% to be settled in 2020.
- h) 14th June 2022, Utilities worth Kshs 76,000 were paid.
- I) On 30th June 2022 Water bills valued at Kshs 178,000 were received, the same is yet to be paid for.

(TOTAL: 30 MARKS)

QUESTION 2 (20 Marks)

Below is the Trial balance of Linda and Ida Advocates as at 31st December 2022. The partners wish to know the Income and Expenditure status of the company together with its Balance sheet.

Details	Dr	Cr
Disbursements on behalf of client	340,000.00	
Sales		1,350,000.00
Drawings	120,000.00	
Salaries	368,000.00	
Bank		320,000.00
Rent	78,000.00	
Prepayments	148,000.00	
Printing and Stationery	130,000.00	
Capital		2,200,000.00
Cash	256,000.00	
Communication	65,000.00	
Accruals		129,000.00
Office Computers	550,000.00	
WIP	235,000.00	
Creditors		143,000.00
Clients Monies Held		242,000.00
Donations to Covid 19 Fund	150,000.00	
Furniture and Fittings	789,000.00	
Office Land	745,000.00	
Depreciation	38,000.00	
Accumulated Depreciation		120,000.00
Debtors	540,000.00	
Accumulated provision for bad debts		80,000.00
Bad Debts Provision	32,000.00	
	4,584,000.00	4,584,000.00

Derive from above, the Income and Expenditure statement for period ending 31st Dec 2022 and Balance Sheet as at 31st Dec 2022 **(20 Marks)**

QUESTION 3 (20 Marks)

Benchmark Advocates recorded the following transactions for the month of December 2022

- Received funds from various clients
 - Kenya Fund Ltd Kshs 145,000
 - Brooks Limited Kshs 450,000
 - Coops Banks Kshs 150,000
 - Kyla Limited Kshs 43,000

- On 2nd June, the firm made payments of Kshs 34,000 to the plaintiff as court adjournment costs on behalf of Kenya Fund Ltd
- On 4th June, the firm charged Kshs 138,000 to client Ben for witnessing documents in a partnership deed.
- A new client XYZ represented in court was charged Kshs 250,000. However only Kshs 25,000 was received.
- On 18th December, Benchmark advocates paid Kshs 270,000 on behalf of one of its clients Simpson Limited.
- On 24th December, Benchmark Advocates filed a defense on behalf of Brooks Fund Ltd. Brooks were charged a deposit of Kshs 43,000 which they authorized a transfer.
- Benchmark advocates incurred expenses worth 80,000 in the month of December 2022.
- Required:

Formulate the necessary advocates accounts generating a Trial Balance for this transaction.
(20 Marks)

QUESTION 4 (20 Marks)

The cash book column of Tana Advocates had an overdraft of Kshs 532,400 as at 31st October 2022. The bank statement on the same day had a credit balance of Kshs 501,039 as confirmed by the Debit on the Trial balance. On scrutiny of the relevant records, the following details were established.

1. Bank charges and Interest on overdraft as per the bank statement amounted to Kshs 12,450 and Kshs 135,480 respectively.
2. A debtor deposited Kshs 254,500 to the bank directly
3. Insurance premium of the mortgaged property amounting to Kshs 35,485 was paid direct by the bank
4. Standing order payments to the LSK of Kshs 138,000 had been effected by the bank but not captured in the cashbook.
5. Cheques for Kshs 354,890 which were banked on 29th October 2022 were credited by the bank on 5th November 2019.
6. Cheques drawn bt Tana Advocates amounting to Kshs 745,964 had not been presented for payment as at 31st October 2022.
7. A cheque of Kshs 74,500 was debited by the bank as Kshs 47,500.
8. The bank had debited Tana Advocates account with Tina Advocates Cheque for Kshs 27,500. The same was yet to be corrected as at 31st October 2022.

Carry out reconciliation between the bank and the cashbook. Your objective is to reconcile the cashbook balance to the bank statement. **(20 Marks)**