

# COUNCIL OF LEGAL EDUCATION



## EXAMINATION FOR ADMISSION TO THE ROLL OF ADVOCATES

### **ATP 106: LEGAL PRACTICE MANAGEMENT**

**WEDNESDAY 7<sup>TH</sup> DECEMBER, 2016**

**DURATION: 3 HOURS**

#### **Instructions to Candidates**

- (a) This paper contains Six printed pages including the cover page, with a total of Seven questions
- (b) Candidates MUST answer FIVE questions
- (c) Question ONE is compulsory and carries 20 marks
- (d) All other questions carry 10 marks each
- (e) Candidates MUST answer ONE question from Sections A,B, and C and a fifth question from any Section

**PLEASE TURN OVER**

## QUESTION ONE

- (a) Highlight the following concepts and for each explain their implication in the preparation of financial statements.

- (i) The going concern concept
  - (ii) Business entity concept
  - (iii) Materiality
  - (iv) Realization

(8 marks)

- (b) While developing sound human resource policies, management should ensure that the policy will service the immediate purpose and be sustainable in the future. Imagine you are a human resource manager of a modern law firm.

Highlight six (6) characteristics of a sound human resource policy.

(6 marks)

- (c) Mr. Kamau is one of the partners in Kamau & Otieno Associates a law firm based in Nairobi. Currently the firm has eight partners. Kamau is not only a lawyer but is also a certified public accountant with many years' experience. For this reason he works full time in the firm and is in charge of finance and administration.

The partners have summoned Kamau for the second time in two weeks. The deadline for preparing the budget was two weeks ago and todate Kamau has not produced the budget. This is slowing down allocation of funds to various functions of the firm and straining the cost leadership strategy of the firm.

What is perplexing the partners is that Mr. Kamau is hardworking, comes to work early and leaves very late and works on most weekends. In an attempt to gather more information one of the partners inquired from an accountant in the Finance Department what the problem was. The accountant promptly replied "Mr. Kamau does not believe in delegation"

- (i) Explain to Kamau the importance of delegation.  
(ii) Why do you think most managers fear delegation?

(3 marks)

(3 marks)

## **COMMERCIAL ACCOUNTS - S. A.**

## QUESTION TWO

Wamalwa and Kamene have been in practice for several years. They share profit/losses equally. The following information is also provided:

**WAMALWA & KAMENE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015**

Shs.(000) Shs.(000)

<b><u>Fixed Asset</u></b>			
Furniture and fitting		96	
Equipment		284	
Motor vehicle	1,504		1,884
	-----		
Investment in shares			3,000
			=====
<b><u>Current Assets</u></b>			
Outstanding fees	480		
Cash at bank:			
Office	1212		
Client	128		1820
	-----		=====
<b>TOTAL ASSET</b>			6,704
			=====
<b><u>Long Term Liabilities</u></b>			
Capital a/c:			
Wamalwa	3,308		
Kamene	3,000		6,308
	-----		
<b><u>Current Liabilities</u></b>			
Client a/c	128		
Accrued rent	136		
Accrued salaries	132		396
	-----		
			6,704
			=====

## Current Liabilities

<b>Client a/c</b>	<b>128</b>
<b>Accrued rent</b>	<b>136</b>
<b>Accrued salaries</b>	<b>132</b>
	-----
	-----
	<b>6,704</b>
	=====

## Receipts and payment a/c for the year 30 September 2015

	Shs.(000)		Shs.(000)
<b>Fees for service</b>	3,552	Equipment purchased	596
<b>Client deposit for land buying</b>	1,536	Drawings: Wamalwa Kamene	300 300
<b>Client deposit for criminal case</b>	1,296	Deposit on land purchase contract for client	920
<b>Stationery</b>	48	Transport ✓	224
<b>Transport</b>	60	Office rent ✓	896
<b>Miscellaneous</b>	92	Telephone and postage ✓ Printing and stationery ✓ Motor vehicle expenses ✓ Water and electricity ✓ Office repairs ✓ Salaries & Wages ✓ Miscellaneous expense ✓	292 152 392 140 72 960 208

**Additional Information:**

- i. Depreciation is to be provided for on reducing balances at 12% for furniture, 15% for equipment and 12% for motor vehicles.
- ii. Fees in arrears at the year-end was shs.1,280,000. The Advocates have agreed to create a reserve against the fee arrears.
- iii. During the year, a criminal case client was defended in court. The Advocate raised an interim fee note for shs.500,000 but no entries have been made in the books. -~~(5)~~
- iv. Disbursement for stationery, shs.20,000, transport shs.12,000 and miscellaneous expenses shs.4,000 have been charged to client's account.
- v. Accrued expenses were shs.20,000, shs.108,000 and shs.112,000 for telephone, rent and salaries respectively.

**Required:**

- (a) Advocate Income Statement for the year ended 30 September, 2015. (3 marks)
- (b) The client accounts (30<sup>th</sup> September 2015) (3 marks)
- (c) Statement of Financial Position for the year 30<sup>th</sup> September 2015 (4 marks)

**QUESTION THREE**

Munyao Advocate has the following balance sheet as at 31 December 2015:

		2014 Shs.(000)	2015 Shs.(000)
<b>Fixed Assets:</b>	Cost	5,000	6,000
	Depreciation	(2,000)	(2,200)
	-----	-----	-----
	Book value	3,000	3,800
<b>Work in progress</b>		1,000	1,500
<b>Debtors</b>		1,200	1,000
<b>Cash &amp; bank</b>		1,100	800
	-----	-----	-----
		3,300	3,300
	-----	-----	-----
<b>Creditors</b>		1,600	1,400
<b>Accruals</b>		200	300
	-----	-----	-----
	(1,800)	(1,700)	(1,700)
	-----	-----	-----
<b>NET ASSETS</b>		4,500	5,400
	=====	=====	=====

**FINANCED BY:**

Capital	2,500	4,500
Profit	3,000	3,600
Drawings	(1,000)	(2,700)
	-----	-----
	4,500	5,400
	=====	=====

Additional information:

- (i) The drawings were made in cash
- (ii) There were no disposals of fixed assets

**Required:**

Draw the cash flow statement for the year ended 31<sup>st</sup> December 2015. **(10 marks)**

**HUMAN RESOURCE MANAGEMENT***S. B***QUESTION FOUR**

The purpose of employee motivation is to create conditions in which employees are willing to work with initiative, interest and enthusiasm with a sense of responsibility in a most cohesive manner so that goals of an organization can be achieved effectively.

The Managing Director of your company has indicated that due to financial constraints, there will be no salary increase this year.

- (a) Suggest five (5) non-financial alternatives of motivating employees to the Managing Director. **(5 marks)**
- (b) Suggest five (5) guidelines for motivating employees and managers in any law firm. **(5 marks)**

**QUESTION FIVE**

- (a) Performance appraisal is a method of evaluating the behavior of employees in the workplace normally including both quantitative and qualitative aspects of job performance.

Discuss five (5) reasons to justify why it is necessary for a progressive law firm to conduct a performance appraisal exercise. **(5 marks)**

- (b) Imagine you are one of the partners in a start-up firm, and competent in human resource management. You have been charged with the responsibility of drafting strategies for career development to be applied in ensuring effective career development of the firm's employees.

Suggest five (5) ways of effective career development. **(5 marks)**

*2/11/15  
2/11/15*

### QUESTION SIX

Amina Mohamed has been requested by one of the Partners in Kamau & Kinyanjui Associates to make an oral presentation on "*the impact of good governance on business performance*" during the firm's general meeting.

Summarize the factors which Amina Mohammed should consider in each of the following stages:

- |                        |           |
|------------------------|-----------|
| (a) Preparation stage. | (4 marks) |
| (b) Delivery stage     | (3 marks) |
| (c) Follow-up stage    | (3 marks) |

### QUESTION SEVEN

A key element in the design and implementation of an organization's strategies is the formulation of an organizational chart.

- |   |           |
|---|-----------|
| (a) Discuss the importance of having an organizational chart for your law firm. | (3 marks) |
| (b) Explain the meaning and merits of having a centralized authority system.    | (3 marks) |
| (c) Explain the main functions of management.                                   | (4 marks) |

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END