

THE KENYA SCHOOL OF LAW



**EXAMINATION FOR ADMISSION TO
THE ROLL OF ADVOCATES**

LEGAL PRACTICE AND MANAGEMENT

1ST DECEMBER, 2014

DURATION: 3 HOURS

Instructions to Candidates

- (a) Answer **ONE** Question from **EACH** section and **ONE** from any Section.
- (b) All questions carry fifteen (15) marks each.
- (c) Marks may be lost for illegibility.

PLEASE TURN OVER

SECTION A

1. AB & C passed their exams in 2012 at the Kenya School of Law and subsequently applied and they were admitted to the roll of advocates on 5 July 2012. On 2nd September, 2012 they agreed to start a partnership AB &C Advocates. They agreed to share profits and losses in the ration 5:3:2 respectively.

The trial balance as at 30 September, 2013 was as follows:

	Shs.	Shs.
Sales		2,105,000
Return Inwards	68,000	
Purchases	1,371,900	
Carriage Inwards	15,000	
Stock as at 30 September, 2012	428,500	
Discounts Allowed	1,100	
Salaries and Wages	182,960	
Bad Debts	12,340	
Provision for bad debts 30 September, 2012		8,000
General Expenses	9,450	
Rent and Rates	24,500	
Motor Vehicle Expenses	39,400	
Motor Vehicle at cost	125,000	
Equipment at Cost	84,000	
Provision for Depreciation:		
Motor Vehicle		42,000
Equipment		27,000
Debtors	372,440	
Creditors		243,560
Cash at Bank	6,000	
Drawings		
A	126,100	
B	84,170	
C	62,160	
Current Accounts		
A		13,900
B		1,530
C		20,740
Capital Accounts		
A		300,000
B		160,000
C		120,000

The following notes are relevant as at 30 September, 2013

- (i) Stock at 30 September, 2013 Kshs. 510,600
- (ii) Rates *In advance Ksh. 1,200; Stock of postage stamps Ksh 1'900*
- (iii) Increase in provision for bad debts Ksh.8,700
- (iv) Salaries B 12,000 & C 7,000. Not yet recorded
- (v) Interest on drawings: A:Kshs.1700, B:Kshs.1100, C:Kshs.1,200
- (vi) Interest on capital at 10%
- (vii) Depreciate motor vehicle Shs.25,000, office equipment Shs.16,800

Required:

Draw up a set of final accounts for the year ended 30 September, 2013.

(15 Marks)

2. Jalang'o & company Advocates is a law firm operating in an upcountry town. Provided below is the statement of financial position as at 30 June, 2013.

Jalang'o & Company Advocates Statements of Financial Position <u>As At 30 June, 2013</u>			
	'000'	'000'	'000'
Non- Current Assets			
Equipment	800		
Furniture	350		
Library Books	280		1430
Current Assets			
Work in Progress	210		
Stationery	140		
Debtors for fees and disbursements	330		
Cash at Bank:			
Office	300		
Client	<u>250</u>	<u>1230</u>	
Current Liabilities			
Creditors	110		
Clients money held on their behalf	<u>250</u>	<u>(360)</u>	
			<u>870</u>
			<u>2,300</u>
Finance by:			
Capital		1,800	
Loan		<u>500</u>	
			<u>2,300</u>

The following transactions were also carried out by Jalango & Company Advocates for the year ended 30 June, 2014.

- (i) Received Shs. 850 ⁰⁰⁰ on behalf of their clients

- (ii) Utilized the amounts shown below on behalf of clients who had sufficient cash held by the firm:
- Purchase of equipment 260,000
 - Payment of rent 130,000
 - Payment of repair costs 80,000
- (iii) Purchased new office equipment Shs. 400,000 and paid Shs.100,000 cash, the balance remaining as loan.
- (iv) Purchased land at Kshs.350,000 on behalf of a client who had a credit balance of Shs 120,000 with the firm.
- (v) Charged clients Shs.1,050,000 for services rendered in the year ended 30 June 2014.
- (vi) Received Shs.680,000 from clients in settlement of amounts due for services rendered. The firm received authority from clients to transfer Shs.240,000 from the clients account to the office account in the settlement of amounts due to firm.
- (vii) The following expenses were incurred by the firm in the year ended 30 June, 2014; all were settled in cash.
- | | Kshs. |
|----------------------|---------|
| • Rent | 120,000 |
| • Salaries and Wages | 360,000 |
| • Office Expenses | 90,000 |
| • Interest on Loan | 30,000 |
| • Loan Repayment | 300,000 |
- (viii) During the year ended 30 June, 2014, the firm received Shs.480,000 from the client's as settlement of disbursements on their behalf by the firm.
- (ix) Purchased library books worth Shs.160,000 and paid cash
- (x) Purchased stationery on credit for Shs. 210,000 and paid the creditors a total of Shs.240,000 in the year ended 30 June, 2014.
- (xi) Drawings in the year amounted to Shs.180,000.
- (xii) On 30 June, stationery in the store was valued at Shs.160,000. On the same date, work-in-progress not yet charged to clients was valued at Shs.350,000.
- (xiii) The firm provided depreciation at the following rates based on book value;
- Equipment 5% p.a.
 - Furniture 10% p.a.
 - Library books 12.5% p.a.

Required:

- (i) Income statement for the year ended 30 June, 2014. (5 Marks)
- (ii) Statement for financial position as at 30 June, 2014 (6 Marks)
- (iii) Clients account as at 30 June, 2014. (4 Marks)

SECTION B

3. You have been recently hired to develop and install a new Human Resource Plan system at XYZ which is a large legal firm located in Nairobi with branches in major Kenyan towns. Over the past several years, XYZ has experienced a significant expansion in size and operations and rapid influx of new employees at all levels of the firm. As it is expected, the firm recognized the need for talented, knowledgeable personnel. Much talent has been hired from outside the firm over the several years but the managing partners became convinced that the long going concern property of the firm depends on being able to develop talent internally.

Discuss the process you will undertake to develop a Human Resource plan for XYZ firm.

(15 Marks)

4. a) Define Human Resource Management

(3 Marks)

- b) Describe four (4) resources in an organization.

(4 Marks)

- c) Discuss the managerial and operational functions of a manager.

(8 Marks)

SECTION C

5. The Reception function is arguably the most critical in an organization. With this in mind;

- a) Explain the impact of an effective reception function on a law firm.

(10 marks)

- b) Highlight the factors you would consider in creating an effective reception system.

(5 Marks)

6. Procurement should not be down played as a clerical function of a process to be implemented by individuals lacking the basic procurement qualifications. Discuss at least five (5) smart buying principles that aid in the procurement process.

(10 Marks)

Briefly discuss the various office layouts in the office environment.

(5 Marks)