

COUNCIL OF LEGAL EDUCATION



EXAMINATION FOR ADMISSION
TO THE ROLL OF ADVOCATES

ATP 106: LEGAL PRACTICE MANAGEMENT

TUESDAY 24TH JULY, 2012

DURATION: 3 HOURS

Instructions to Candidates

- (a) Answer ONE question from each of the THREE sections and a FOURTH question from any section
- (b) All questions carry 15 marks each.
- (c) Marks may be lost for illegibility

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SECTION 1: COMMERCIAL ACCOUNTS

1. Mr. Muchai has been trading for some years as a soft drink merchant. The following list of balances has been extracted from his ledger as at 30th April, 2010

	Sh.
Capital	83,887
Sales	259,870
Trade Accounts payable	19,840
Returns Outwards	13,407
Allowance for doubtful debts	512
Discounts allowed	2,306
Discounts Received	1,750
Purchases	135,680
Returns Inwards	5,624
Carriage Outwards	4,562
Drawings	18,440
Carriage Inwards	11,830
Rent, Rates and Incurrence	25,973
Heating and Lighting	11,010
Postage, Stationery and Telephone	2,410
Advertising	5,980
Salaries and Wages	38,521
Bad Debts	2,008
Cash in Hand	534
Cash at Bank	4,440
Inventory as at 1 st May, 2009	15,564
Trade Accounts receivable	24,500
Fixtures and Fittings	120,740
Provision for depreciation – as at 30 th April, 2010	63,020
Depreciation	12,074

The following additional information as at 30th April, 2010 is available:

- i) Inventory at the close of business was valued at Sh.17,750
- ii) Insurances have been prepaid by Sh.1,120
- iii) Heating and lighting is accrued by Sh.1,360
- iv) Rates have been prepaid by Sh.5,435
- v) The allowance for doubtful debts is to be adjusted so that it is 3% of trade accounts receivable.

Required:

Prepare Mr. Muchai's income statement for the year ending 30th April, 2010 and a balance sheet as at that date.

(15 marks)

2.

- a) A company maintains its non-current assets at cost. Provision for depreciation accounts for each asset are kept.

At 31st December, 2009 the position was as follows:

	Total cost to date	Total depreciation to date
	Sh.	Sh.
Machinery	945,000	283,500
Office furniture	32,000	12,800

The following additions were made during the financial year ended 31st December, 2010

- Machinery Sh.160,000; office furniture Sh.160,000
- Machinery bought in 2005 for Sh.16,000 was sold for Sh.3,600 during the year

The rules for depreciation are:

- Machinery 20%
- Office furniture 10% using straight line basis, calculated on the assets in existence at the end of each financial year irrespective of the date of purchase.

Required:

- i) Show the following accounts for the year ended 31 December, 2010:
- a) Machinery
 - b) Office furniture
 - c) Provision for depreciation for each
- ii) Show the balance sheet entries as at that date **(10 marks)**
- b) Explain **FIVE** uses of book-keeping to practicing lawyers. **(5 marks)**

SECTION 2: HUMAN RESOURCE MANAGEMENT

3. A sound and comprehensive Human Resource Plan is essential for effective management of human resources in an organization
- a) What is a Human Resource Plan? (3 marks)
 - b) Explain any THREE benefits of Human Resource Planning (6 marks)
 - c) Explain any THREE challenges to effective Human Resource Plan (6 marks)
- 4.
- a) Briefly explain the difference between recruitment and selection and indicate the primary objective of each process in ensuring the success of the staff procurement functions? (7½ marks)
 - b) List and explain the steps taken between receiving applications and offering jobs to the successful applicants (7½ marks)

SECTION 3: OFFICE PRACTICE & RECORDS MANAGEMENT

5. The partners and the CEO of the big law firm where you work have set a meeting to discuss the strategies of expanding the firm and therefore, the need for buying a big office. The CEO has invited you to the meeting to convince the partners that a big enough office is important for the law firm. Explain to them why an effective office is important and the factors they would consider in choosing the office site. (15 marks)
- 6.
- (a) Your busy firm has employed five clerks who will manage the mailing for the firm. The five clerks need induction, which includes management of the incoming mail and dealing with urgent incoming letters. Prepare briefing notes for the clerks, noting to indicate the reasons for folio numbering of incoming mail. (8 marks)
 - (b) In addition to your regular duties, you have also been assigned the duties of Office Manager, a job you have done for the last eight months. During that period, the work has grown so much that outgoing mail management requires a franking machine. When you requested for one to be purchased, your Finance Manager asked you to justify the importance of a franking machine in a busy office. (7 marks)