

# COUNCIL OF LEGAL EDUCATION



## EXAMINATION FOR ADMISSION TO THE ROLL OF ADVOCATES

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

**WEDNESDAY 25<sup>TH</sup> NOVEMBER, 2015**

**DURATION: 3 HOURS**

#### **Instructions to Candidates**

- (a) Candidates **MUST** answer **FOUR** Questions
- (b) Answer **ONE question from each of the THREE sections** and a **FOURTH** question from any section
- (c) All questions carry 15 marks each.
- (d) Marks shall be lost for illegibility

**PLEASE TURN OVER**

## PART A:

1. Juma and Company Advocates a law firm operating in an upcountry town had the following balance sheet as at June 2013

Assets	Shs'000	Shs'000
<b>Non-Current Assets</b>		
Equipment	800	
Furniture	350	
Library Books	280	1430
<b>Current Assets</b>		
Work in progress	210	
Stationery	140	
Debtors fees and disbursements	330	
Cash at Bank: Office	300	
Client	250	1230
		2660
<b>Capital</b>		
Loan		1800
Creditors		500
Clients – for money held on behalf	110	
	250	360
		2600

The following transactions were carried out by Juma and company in the year ending June 2014:

- i. Received 850,000 on behalf of client
- ii. Spent the amounts below on behalf of client who had sufficient cash held by the firm:

	Shs'000
• Purchase of equipment	260
• Payment of rent	130
• Payment of repairs cost	80
iii. Purchased new equipment for office use for shs.400,000 and paid shs.100,000 cash, the balance remaining as loan	
iv. Spent shs.350,000 on the purchase of land 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 client settlement of amounts due for services rendered. The firm received nothing from clients and had to transfer shs.240,000 from the clients account to the office accounts in settlements of amounts due to the firm	

- vii. The following expenses were incurred by the firm in the year 30<sup>th</sup> June 2014 all settled in cash:

	Shs.'000
Rent	120
Salaries and wages	360
Office furniture	90
Interest on loan	30
Loan repayment	300

- viii. During the year, the firm received shs.480,000 from clients as settlement of disbursements made on their behalf.
- ix. Purchased library books worth 160,000 and paid for them in cash
- x. Purchased stationary on credit for shs.210,000 and paid the creditors a total of 240,000 in the year ended 30<sup>th</sup> June 2014
- xi. Drawings for personal use in the year ended 2014 amounted to shs.180,000
- xii. On 30 June 2014, stationary in the store was valued at 160,000. On the same date, work in progress not yet charged to clients was valued at shs.350,000
- xiii. The firm provides depreciation at the following rates based on book value:

- Equipment 5%p.a.
- Furniture 10% p.a.
- Library books 12.5%p.a.

*True*  
Prepare Income Statement and Balance Sheet as at 30 December, 2014.

(15 marks)

2. The trial balance of Matt Spode, a China Wholesaler had the following:

	£	£
Capital Account		112,000
Purchases and sales	92,400	157,240
Premises at cost	<u>64,000</u>	
Motor vehicles at cost	<u>30,000</u>	
Accumulated depreciation on motors		<u>8,200</u>
Fixtures and fittings at cost	<u>6,500</u>	
Accumulated depreciation of fixtures and fittings		<u>1,100</u>
Motor expenses	7,300	
Rates	2,300	
Wages and salaries	42,000	
Bank balance	4,200	
Drawings	9,600	
Insurance	2,000	
Trade debtors	18,000	
Provision for doubtful debts		560
Trade creditors		15,000
Sundry expenses	16,200	

Long term loan		20,000
Stock (1.1.2014)	19,250	
Cash in hand	350	
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	314,100	314,100
	=====	=====

The following information was available as at 31.12.2014:

- i. Stock as at 31 December 2014 was £22,400
- ii. There were wages and salaries of £1,200 owing
- iii. There was a payment of £1,200 on 30 September 2014 to cover for 12 months insurance
- iv. On reviewing debtors, it was discovered that a debt of £800 would not be recovered and that further £1,200 was doubtful
- v. Depreciation is 25% reducing balance on motors and 10% straight line on fixtures and fittings
- vi. Loan interest at 10% has not been allowed for

**Draft an Income statement and balance sheet as at 31.12.2014.**

(15 marks)

3. Frame and French are in partnership sharing profits and losses in the ratio 3:2. The following trial balance relates to the business as at 30 September, 2013.

	Dr Shs'000	Cr Shs'000
Building (cost 210,000,000)	160,000	
Fixture at cost	8,200	
Provision for depreciation: fixtures		4,200
Accounts reconciliation	61,400	
Accounts payable		26,590
Cash at bank	6,130	
Inventory 30 September 2012	62,740	
Sales		363,111
Purchases	210,000	
Carriage inwards	3,410	
Discount allowed	620	
Loan interest: Prince	3,900	
Office expenses	4,160	
Salaries and wages	57,809	
Bad debts	1,632	
Allowances for doubtful debts		1,400
Loan from Prince		65,000
Capital: Frame		100,000
French		75,000
Current accounts: Frame		4,100
French		1,200

<b>Drawings:</b>	<b>Frame</b>	31,800
	<b>French</b>	28,200
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		640,601
		=====
		640,601
		=====

### Additional information

- i. Inventory 30 September 2013, shs.74,210,000
- ii. Expenses to be accrued: Office expenses shs.2,115,000 and wages shs.720,000
- iii. Depreciate fixtures 15% on reducing balance basis: Buildings shs.5,000,000
- iv. Reduce provision for doubtful debts to shs.1,250,000
- v. Partnership salary shs.30,000,000 to Frame not yet entered
- vi. Interest in drawings: Frame shs.900,000  
French shs.600,000
- vii. Interest on capital account balances 5%p.a.

30/9/2013

Draft an Income Statement and Balance Sheet as at 31/12/2013.

(15 marks)

### PART B:

4. Human Resource Managers are considered to have a dual functional role, that is, to provide for the operative functions on the one hand, as well as fulfil their managerial functions on the other hand.

Discuss five operative functions of a Human Resource Manager in a law firm.

(15 marks)

5. Employee policies are key drivers of effective operations and efficiency in Human Resources Management.

Explain why this is the case and also describe five specific critical areas which require policies, taking a case of a Human Resource Management Department in a large progressive law firm.

(15 marks)

6. ~~law~~ Modern law firms are experiencing a myriad of challenges, ranging from more demanding but less loyal clients, more demanding but less committed partners/associates, staggering advances in technology, disruptive law, skyrocketing operating expenses among others.

Supposing you are the Managing Partner in a modern fairly successful law firm whose operations are however being compromised by the above challenges among others.

With basic managerial functions in mind, suggest 5 concrete solutions towards coping with the five challenges mentioned above.

*and discuss*  
(10 marks)

## PART C:

7. Setting up an office should be a matter of meticulous design and strategy.
- (a) Explain any five key considerations which the partners of a start-up law firm should look into as they plan about the location and the eventual layout of their future office. (10 marks)
- (b) The role of an office in an organization is aptly summed up in the following statement "An office is to an organization what the heart is to the human body."
- Give five points to justify this statement, with reference to a law firm. (5 marks)
8. (a) Imagine that you have been attached to a fairly large and successful law firm for your pupillage. You have however been experiencing a real challenge as you help with documentation and filing. There is no elaborate filing system to speak of, the non-descript room they call the registry has nothing but a disarray of tattered folders and files, with no labels on the folders nor on the cabinets, making it very stressful locating and retrieving documents.
- The Managing Partner has requested you to compile a brief report, including specific recommendations towards addressing and improving the situation.
- Highlight five practical recommendations you would include in the report. (10 marks)
- (b) Communication is an essential component in an enterprise, including a law firm, hence all instruments and methods of communication used must meet the highest standards of quality.
- Discuss five qualities of a satisfactory good business letter. (5 marks)

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