

COUNCIL OF LEGAL EDUCATION



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

ATP 106: LEGAL PRACTICE MANAGEMENT

TUESDAY 23RD APRIL, 2024.

DURATION: 3 HOURS

Instructions to Candidates

- (a) This paper contains **EIGHT (8)** printed pages including the cover page, with a total of **SEVEN** questions.
- (b) A candidate **MUST** answer **FIVE (5)** questions.
- (c) Question **ONE** is compulsory and carries **20** marks.
- (d) **All other questions** carry **10** marks each.
- (e) A candidate **MUST** answer **ONE** question from each of the **Sections** and a **FIFTH** question from any **Section**.

PLEASE TURN OVER

QUESTION ONE

- A. The following is a cashbook for PowerCash Enterprise which has been operating in the outskirts of Nairobi, at a place called Javana town, for the year ended 30 September 2023.

Cashbook			
	Shs'000'		Shs'000'
Balance b/f	26,450	Payments	118,630
Receipts	128,540	Balance c/f	36,360
	154,990		154,990

While checking the cashbook against the bank statement, the accountant found the following discrepancies:

1. The opening balance should have been Shs. 24,650,000 and not Shs. 26,450,000.
2. Bank charges Shs. 14, 924,000 shown in the bank statement has not been entered in the cashbook.
3. Cheque drawn of Shs. 24,926,000 had been entered in the cashbook as Shs. 24,296,000.
4. There were cheques received of Shs. 42,156,000 which were entered in the cashbook but not yet credited by the bank.
5. A cheque for Shs. 14,836,000 has been returned by the bank marked "refer to drawer" but no entry relating to this has been made in the books.
6. Cheque drawn amounting to Shs. 36,212,000 had been entered as receipts in the cashbook.
7. Direct credit of Shs. 78,860,000 have been credited in the bank statement but not yet recorded in PowerCash Enterprise's cashbook.
8. PowerCash had accruals for electricity amounting to Shs. 8,524,000 and prepayments for rent amounting to Shs. 64,542,000 for the year ending 30 September 2023.
9. Cheques totaling Shs. 27,808,000 have not yet been presented to the bank for payment.
10. The bank has debited a cheque for Shs. 23,620,000 in error to the account of PowerCash Enterprise.
11. The bank statement shows that there was bank overdraft at 30 September 2023 of Shs. 27,362,000.

Required:

- a) Prepare an updated cashbook for the year ending 30 September 2023. **(5 marks)**
- b) Explain two purposes for preparing a bank reconciliation statement. **(2 marks)**
- c) Prepare a bank reconciliation statement for the year ending 30 September 2023. **(3 marks)**

- B. Paul has been hired as a Forensic Finance Auditor in the finance department of XYZ, a state corporation in Kenya. This was his dream job and he feels on top of the world. He feels motivated and raring to go. But before he can begin the work, he and his fellow new employees are required to go through an induction training. Paul has some bad memories of induction learning, including flashback of long-winded presentations, stale icebreakers and not-so useful health and safety demonstrations. There is a lot to take in, many new faces to meet, and the pressure of trying to absorb so much within such a short time. Induction training shouldn't be like this!!!

As a Human Resource (HR) expert, discuss five (5) ways that the management of the XYZ can revolutionize induction training and make it fun. **(5 marks)**

- C. One morning at around 6.00pm, a five car subway train on the kikuyu line in Nairobi crashed causing massive damage to several cars and nearby houses. The crash left ten (10) persons dead and more than hundred (100) others severely injured.

Reacting to this crash, the East African Railway (EAR) hired a disaster project Manager, to oversee the handling of the disaster rescue and repair activities. The project Manager was also instructed to make sure that normalcy was restored as soon as possible.

Highlight the steps that the disaster project manager may undertake to manage such an emergency. **(5 marks)**

SECTION ONE: OFFICE PRACTICE

QUESTION TWO

You are the managing partner of a medium sized law firm in Nairobi. The firm has been handling a high profile case involving sensitive corporate information. On a Thursday morning two weeks ago, you discovered that an intern in your department shared confidential documents with unauthorized party and on further investigation, you discover that the firm does not have clear policies and procedures on handling confidential data. This incidence could potentially harm the client's case and the firm's reputation. You agree with the rest of the partners that there is need for a robust policy and procedures on handling client's confidential information.

Required

- a) Explain five (5) key reasons for development of policies and procedures on handling client's confidential information in a firm. **(5 marks)**
- b) Describe five (5) key steps you would follow in developing a good policy on clients' confidentiality. **(5 marks)**

QUESTION THREE

You are senior associate in one of the most reputable law firm that specializes in employment law. A potential client, Mary, schedules an appointment to discuss her recent experiences at her work place. Mary works at a medium-sized technology based firm in Nairobi and has become increasingly concerned about certain behaviors and remarks at the firm. She believes they may constitute discrimination and a particular incidence may have been a ground for sexual harassment but she's not sure.

She describes the incidences as follows; that

- i. She overheard her male colleagues making derogatory comments about her appearance and abilities.
- ii. She is concerned that she has applied for a promotion twice in the last year but has been bypassed in favor of less experienced male colleagues.
- iii. Recently her supervisor made a snide comment about her pregnancy, suggesting that it might negatively impact her ability to handle certain situations. He also had insinuated that an unmarried woman may not be as responsible in doing her work as a married one.
- iv. The female colleagues also have been whispering among themselves about inappropriate advances that one of the bosses has been making to the female employees promising them promotions and growth in the firm, if they comply.

Required

- a) Based on the experience of Mary, explain three (3) grounds for discriminations that may inform her case. **(6 marks)**
- b) Explain two (2) strategies that an organization can develop to curb sexual harassment at the work place. **(4 marks)**

SECTION TWO: HUMAN RESOURCE MANAGEMENT

QUESTION FOUR

In an effort to reduce labor costs and achieve saving that can be passed on to its customers in the form of lower prices, a medium sized law firm with branches in major towns in the country intends to achieve a 10% reduction in its workforce of 300 employees. The firm's business plan calls for the reduction to be completed within 12 months. Although some workers will become redundant, the main focus of the planned reduction will be on the managerial, supervisory and staff jobs. This is where roles have been changed as direct result of organizational restructuring leading to fewer layers of supervision. The staff jobs that are no longer required are mostly in the company's headquarters, and range from catering staff, through clerical staff in the headquarter support departments, to some senior office supervisors.

As the Human Resource Manager of the law firm, you have been requested by the Chief Executive Officer to conduct and submit a detailed report on the intended exercise of scaling down the firm's workforce for management consideration.

Required.

- a) Discuss five (5) strategies to be adopted by the firm to achieve the 10% reduction in the workforce. **(5 marks)**
- b) Outline Five (5) control and review mechanisms to be implemented so as to ensure the workforce requirements is in accordance with the Human resource plan of the law firm in the future. **(5 marks)**

QUESTION FIVE

The adoption of ICT has significantly changed the landscape in which organizations operate. The rapid growth of the digital space is disrupting the course of HR strategic and operational functions. Some pundits argue that generative Artificial Intelligence (AI) such as ChatGPT is the future of HRM. For this reason, the management of Ultimate Tea Solutions is considering automating its operations and functions to solve the problems they are currently facing. However, the automation may also require employee training. The managers have suggested a blend of both on -the-job and off-the-job training of staff.

- a) Discuss three (3) reasons why you think automation is a solution to the problems facing Ultimate Tea Solutions both in the short and long term. **(3marks)**
- b) Explain any three (3) challenges the managers of Ultimate Tea Solutions are likely to face when implementing the system. **(3 marks)**
- c) Explain to the management four (4) reasons why off-the-job training may be more beneficial than on-the-job training. **(4 Marks)**

SECTION THREE: COMMERCIAL ACCOUNTING

QUESTION SIX

The following is a trial balance of Jumuiya Enterprise Ltd as at 31st January 2023.

Trial balance as at 31 Jan 2023

	Dr (Sh)	Cr (Sh)
Capital 1 February 2022	7,845,000	
Drawings	19,500,000	
Inventory 1 February 2022		8,410,000
Trade accounts receivable		34,517,000
Furniture and fittings	2,400,000	
Cash in hand	836,000	
Trade accounts payable		6,890,000
Sales		127,510,000
Return inwards		2,438,000
Discount received	1,419,000	
Business expenses	3,204,000	
Purchases	72,100,000	
	107,304,000	179,765,000

In addition to the mistakes evident in the Trial balance above, the following errors were discovered:

1. A payment of Sh. 315,000 made to a creditor had not been posted from the cashbook into the purchases ledger.
2. A cheque of Sh.188,000 received from a customer had been correctly entered in the cashbook but posted to a customer's account as Sh.180,000.
3. Purchase of fittings for Sh.407,000 had been included in the purchases account.
4. The total of the discount allowed column in the cashbook of Sh.42,000 had not been posted in the general ledger.
5. A page of the sales daybook was correctly totaled as Sh.765,000 but carried forward as Sh.675,000.

Required:

Show the trial balance as it would appear after all the errors had been corrected. **(10 marks)**

QUESTION SEVEN

Peter and Company Advocates have been in practice for several years. The books of accounts show the following details:

PETER AND COMPANY ADVOCATES
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Shs'000'	Shs'000'
Assets		
Non-current assets		
Furniture & Fittings		24
Equipment		71
Motor vehicles		376
		471
Current assets		
Fees in arrears	120	
Cash at bank:		
Office account	303	
Client's account	782	
		1,205
		1,676
Equity and liabilities		
Equity		

Capital		827
Current liabilities		
Client's account	782	
Accrued rent	34	
Accrued salaries	33	
		849
		1,676

The details of Receipts and Payments for the year ended 30 September 2023 are given below:

PETER AND COMPANY ADVOCATES
STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED SEPTEMBER 2023

	Shs'000'
Receipts	
Fees for services rendered	888
Disbursements:	
Stationery	12
Transport	15
Miscellaneous expenses	23
Deposit for land-buying for clients	384
Deposit for a criminal case from client	324
Payments:	
Office rent	224
Salaries and wages	240
Equipment Purchased	149
Telephone and postage	73
Miscellaneous expenses	52
Water and electricity	35
Printing and stationery	38
Transport	56
Motor vehicles expenses	98
Office repairs	18
Deposit on land sale contract for client	230
Drawings	150

Additional information:

- (i) Interim fee note of Shs. 125,000 was debited to the client's account for the criminal case.
- (ii) Disbursement for stationery Shs. 5,000; transport Shs. 3,000 and Miscellaneous expenses Shs. 1,000 have been charged to the client's account.

- (iii) Accrued expenses amounted to Shs. 5,000; Shs. 27,000 and Shs. 28,000 for telephone, rent and salaries respectively.
- (iv) Depreciation is provided for on reducing balance method at 12.5%, 15% and 25% on furniture and fittings, equipment and motor vehicles respectively.
- (v) Fees in arrears amounted to Shs. 320,000.

Required:

- (a) Prepare the Advocates Income and Expenditure Account for the year ended 30 September 2023. **(5 marks)**
- (b) Prepare Statement of Financial Position as at 30 September 2023. **(5 marks)**