

COUNCIL OF LEGAL EDUCATION



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

ATP 106: LEGAL PRACTICE MANAGEMENT

TUESDAY 28TH MARCH, 2023.

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.

- i. An assistant accountant has been criticized over assessed work that he produced for his study course for giving the definition of a non-current liability as “present or future obligation of the entity arising from past event, the settlement of which is expected to result within a year in an outflow from the entity of resources embodying economic benefits”.

Explain to the assistant accountant the weaknesses in his definition of non-current liability in reference to financial reporting. (3 marks)

- ii. Elizabeth is a sole-proprietor and operates her business in Mwangaza town which is a densely populated town. The following is the trial balance for her business for the year ending 31 March 2023.

	Dr	Cr
	Shs. '000'	Shs. '000'
Inventory as at 1 April 2022	56,000	
Return inwards	4,500	
Return outwards		3,000
Wages	84,500	
Insurance	10,500	
Capital		600,000
Land	130,000	
Buildings	350,000	
Motor vehicles	18,000	
Debtors	39,000	
Creditors		44,000
Bank balance	19,000	
Cash on hand	9,000	
Sales		213,000
Purchases	79,500	
Drawings	60,000	
Total	860,000	860,000

Additional information:

- The closing stock was valued at Shs. 42,000,000 on 31 March, 2023.
- The business entity charge depreciation as follows:
 - Buildings at 2% on cost
 - Motor vehicles at 20% on cost
- All the drawings taken from the business was in cash

Required:

Prepare a Statement of Profit or Loss for the year ending 31 March 2023. (5 marks)

B. Skyline is a media company with its Headquarters in Mombasa and a staff compliment of 1500 employees. As a leading pay TV station in Kenya, the management endeavors to attract and keep the best staff. To achieve this, the management opts to hire only qualified new staff to avoid the need for induction. The management also promotes qualified staff from within the company and conducts regular employee training and development. Although these HR practices have worked well for Skyline, as a consultant you have concerns over them.

Required:

- (i) Explain to the management of Skyline, three (3) implications of avoiding a formal induction program for new employees in the organization. (3 marks)
- (ii) Discuss three (3) demerits of internal sources of recruitment when promoting employees to senior positions in Skyline. (3 marks)

C. Boke and Dengu advocates is a small law firm located in Nairobi central business district. The three-year-old firm has been relying on Pekee Supplies as a single source supplier for all its office supplies. Pekee Supplies is firm owned by Dengu's brother. Recent complaints by the information technology (IT) officer about faulty flash discs have prompted the partners to re- think about getting all their office supplies from Pekee supplies. The front office manager has also complained about fewer storage files compared to the requisition note issued to Pekee supplies.

Required:

- (i) Explain four (4) disadvantages that the law firm may be exposed to because of relying on a single supplier. (4 marks)
- (ii) Recommend to the law firm two (2) other methods of procurement they can adopt other than a single source method. (2 marks)

SECTION A: COMMERCIAL ACCOUNTS

QUESTION TWO

K&Co Advocates keep all moneys of their clients in a separate bank account which is maintained exclusively for that purpose. At the end of the month, they make necessary transfers from the client account to the office account.

On 1 January, 2022 the balance at bank for the office account was Sh. 7.5m and the balance at bank for clients account was Sh.105.5m made up of the following credit balances:

	Sh. m
Tender Solutions Ltd	5
KTB Trust	11.5
P&L Ltd	35
J&C Ltd	<u>54</u>
	<u>105.5</u>

The following transactions took place for the month of January:

Jan 2: Received from C&Co, a client, Sh.10.5m for costs as rendered to the client.

Jan 9: Paid Sh.500,000 for insurance premium for Tender Solutions.

Jan 9: Paid Sh.900,000 for repairs to premises rented by T Thagana under KTB Trust.

Jan 15: Paid Sh.900,000 for advertisement for J&C Ltd.

Jan 15: Authorised to draw Sh.3.5m on account of costs for KTB Trust.

Jan 15: Authorised to draw Sh.12m on account of J&C Ltd.

Jan 16: Received from T Thagana Sh.4.4m under KTB Trust.

Jan 19: Cashed cheque of Sh.1m for Kata from petty cash.

Jan 20: Received from Fanaka Ltd Sh. 10m in advance on account of professional services to be rendered.

Jan 20: At the request of Njoroge & Co, paid Sh100,000 registration fees.

Jan 21: Received Sh9.9m debt collected from H&Co Ltd.

Jan 22: Paid H& Co Ltd Sh.8.4m being amount recovered less costs as agreed.

Jan 23: Received Sh.4.5m from T&Co being debt due to J&C Ltd.

Required:

Prepare the cashbook of K& Co Advocates.

(10 marks)

QUESTION THREE

John and Company Advocates have been in practice for several years. The following is their opening Statement of Financial Position as at 31 March 2022.

JOHN AND COMPANY ADVOCATES
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Shs. '000'	Shs. '000'	Shs. '000'
Assets			
Non-current assets	Cost	Accumulated depreciation	Carrying amount
Furniture and fittings	400,000	200,000	200,000
Equipment	360,000	135,000	225,000
Motor vehicles	4,200,000	1,680,000	2,520,000
			2,945,000
Current assets			
Fees in arrears		420,000	
Office account		620,000	
Client's account		840,000	
			1,880,000
Total assets			4,825,000
Equity and liabilities			
Equity			
Capital			3,000,000
Retained earnings			910,000
			3,910,000
Non-current liabilities			

15% long-term bank loan			10,000
Current liabilities			
Client's account		840,000	
Accrued operating expenses		65,000	
			905,000
Total equity and liabilities			4,825,000

Details for John and Company Advocates for receipts and payments for the year ended 31 March 2023 is provided below:

	Shs. '000'
Receipts:	
Fees for services rendered	4,800,000
Deposit to buy property for the client	3,200,000
Deposit for ongoing court case for the client	1,440,000
Payments:	
Motor vehicles purchased	200,000
Operating expenses	1,155,000
Deposit on property sale contract for the client	650,000

Additional information:

- (i) Depreciation is charged on a straight-line method as follows:
 - Furniture and fittings at 10% on cost
 - Equipment at 12.5% on cost
 - Motor vehicles at 20% on cost
- (ii) Interest on bank loan is accruing at the year end.
- (iii) Interim feenote of Shs. 800m was debited to client's account.
- (iv) Accruing operating expenses amounted to Shs. 200m for the year ending 31 March 2023.
- (v) During the year operating expenses of Shs. 120m was charged to client's account.
- (vi) Fees in arrears for the year ending 31 March 2023 amount to Shs. 920m.

Prepare:

- a) A statement of Income and Expenditure for John and Company Advocates for the year ending 31 March, 2023. (4 marks)
- b) The Client's account for the year ending 31 March 2023. (2 marks)
- c) The Statement of Financial Position for John and Company Advocates as at 31 March, 2023. (4 marks)

SECTION B: HUMAN RESOURCE MANAGEMENT

QUESTION FOUR

- a) A job interview is one of the methods of employee selection tool where candidate is taken through a session of questioning related to the job task and the organization.
Discuss five (5) reasons why a company will opt to use interview method as a tool of selection process. (5 marks)
- b) Explain five (5) factors that management should take into account when planning its employees resourcing function. (5 marks)

QUESTION FIVE

- a) You have been hired as a HR officer of a law firm in Nairobi. The management of the firm does not seem to understand the concept of career planning and development. They have asked you to make a presentation to them on the nature of career planning to enable them understand the concept. Describe five (5) aspects that you would include in your presentation. (5 marks)
- b) Transfers are a common phenomenon in both private and public organizations. It involves shifting of employees from one job to another without changing their responsibilities or pay. Discuss five (5) reasons why managers may consider transferring some of their employees within the organization. (5 marks)

SECTION C: OFFICE PRACTICE

QUESTION SIX

Okecha \$ Co. LTD. is a law firm that has been in operation for over twenty years but, still uses traditional methods of documentation. Due to competition and market demands, the firm has decided to recruit an IT manager to assist in implementation of electronic documentation systems.

- a) Explain six (6) benefits that may accrue to the firm for adopting electronic documentation systems. (6 marks)
- b) Discuss four (4) strategies that the firm may take into consideration when implementing digital documentation systems. (4 marks)

QUESTION SEVEN

Health, safety and security are important aspects that should be observed in an organization. It is one of the most vital factors persons look into in a work place before joining the firm. It is the duty and obligation of a firm to provide a secure and safe working environment to its employees.

- a) As a proprietor of Kimka and Kanyoni advocates, explain four (4) importance of health, security and safety measures in the firm. (4 marks)
- b) Discrimination at work place has become rampant at almost all business set-ups. As an officer in a law firm, discuss three types of discrimination at work place. (6 marks)