

**COUNCIL OF LEGAL EDUCATION
NORMAN MANLEY LAW SCHOOL**

LEGAL EDUCATION CERTIFICATE

SECOND YEAR SUPPLEMENTARY EXAMINATIONS, OCTOBER 2020

LAW AND OFFICE MANAGEMENT, ACCOUNTING AND TECHNOLOGY

THURSDAY, OCTOBER 1, 2020

Instructions to Students

- (a) Duration: **24 hours**
- (b) Students shall enter their Examination ID Number **only**, not their names, on the cover page, the Academic Integrity Statement and on every separate page of the examination script.
- (c) The examination should be answered on letter-sized (8.5 x 11) paper only.
- (d) The examination should be submitted in Arial font 12 line spacing 1.5.
- (e) Students should clearly indicate the names of any cases with the citation and legislative provision/s (section number and Act) on which they rely to support their arguments. Consider using italics and/or bold text to make references prominent. (For example, *Rylands v Fletcher* [1868] UK HL1; **s.69 Real Property Act**). Sufficient detail is required to allow the examiners to understand the source of law that is being cited.
- (f) Footnotes, endnotes and bibliography are not required.
- (g) Students shall number the pages of their examination script as follows: Page 1 of 12, Page 2 of 12, etc.
- (h) In answering the question, a candidate may reply in accordance with the law of a Commonwealth Caribbean territory zoned for this school, **but must state at the beginning of the answer the name of the relevant territory.**
- (i) Each Student **must** ensure that their Anonymous ID in TWEN is changed to their four digit Examination ID Number, prior to submitting their examination script.
- (j) The examination script, with the cover page and Academic Integrity Statement saved in **ONE PDF DOCUMENT**, must be submitted in **ELECTRONIC** format via the **Year II OCTOBER 2020 EXAMINATIONS, LAW AND OFFICE MANAGEMENT, ACCOUNTING AND TECHNOLOGY DROP BOX on TWEN** by **Friday, October 2, 2020, NOT LATER THAN 9:00 a.m. (Jamaica) 8:00 a.m. (Belize) and 10:00 a.m. (Eastern Caribbean).**

- (k) To upload the examination script which has been saved as one pdf document which includes the cover page and Academic Integrity Statement, you must follow these steps:
- Go to ***www.lawschool.westlaw.com***.
 - Log in using your username and password credentials and select the **TWEN** button.
 - Click on the link for “**Assignments and Quizzes**” located on the left-hand side of the navigation screen.
 - Select the relevant examination and the examination drop box as follows:
 - Year II students with Examination ID numbers between 2100-2162 must upload script, cover page and Academic Integrity Statement to folder titled “***Drop Box A Year II - 2100-2162***”.
 - Year II students with Examination ID numbers between 2163 -2232 must upload script, cover page and Academic Integrity Statement to folder titled “***Drop Box B Year II - 2163-2232***”.
 - Year II students with Examination ID numbers between 2235-2311 must upload script, cover page and Academic Integrity Statement to folder titled “***Drop Box C Year II - 2235-2311***”.
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ACCOUNTING

Answer Parts A, B and C

Part A

Konteau Saltau is employed as an accountant in A. Adage’s business. He has been tasked with a number of assignments, namely to prepare the final accounts for the year ended April 30, 2020, the preparation of the bank reconciliation statement for the month of June 2020 and the preparation of a cash budget for the quarter ending September 30, 2021.

The following trial balance was prepared for A. Adage at April 30, 2020:

	\$	\$
Opening stock	1,500,000	
Purchases	7,500,000	
Carriage in	50,000	
Sales return	300,000	
Insurance	200,000	
Rent	300,000	
Miscellaneous expenses	15,000	
Stationery	185,000	
Plant & machinery at cost	3,500,000	
Building	6,000,000	
Equipment	8,000,000	
Fixtures & fittings	5,000,000	
Motor vehicles	3,000,000	
Accounts receivable	9,000,000	
Short-term investments	9,250,000	
Cash at bank	10,000	
Cash in hand	2,000	
Drawings	75,000	
Utilities	150,000	
Salaries	500,000	
Carriage out	8,000	
Discount allowed	5,000	
Provision for bad debts		1,000,000
Provision for depreciation (Plant & machinery)		1,400,000
Provision for depreciation (Buildings)		200,000
Provision for depreciation (Equipment)		3,200,000
Provision for depreciation (Fixtures & fittings)		2,000,000
Provision for depreciation (Motor vehicles)		1,200,000
Sales		27,000,000
Purchases returns		100,000
Capital		9,350,000
Discount received		100,000
Bad debt recovered		1,000,000
Accounts payable		8,000,000
	<u>54,550,000</u>	<u>54,550,000</u>

The following items are to be accounted for:

- (a) Stock at April 30,2020 is valued at \$1,500,000.
- (b) Provision for bad debts is expected to be 10% of accounts receivable.

(c) The company uses the straight line method of depreciation and the following rates are applicable:

Plant and machinery	20%
Buildings	3%
Equipment	20%
Fixtures and fittings	20%
Motor vehicles	20%

(d) The proprietor withdrew goods valued at \$150,000 for his personal use.

(e) The following amounts are owing at April 30, 2020:

Utilities	\$12,500
Rent	\$24,000

(f) Insurance amounting to \$20,000 has been prepaid.

Required:

- (i) Prepare the Statement of Comprehensive Income for the year ended April 30, 2020.
- (ii) Prepare the Statement of Financial Position as at April 30, 2020.

Part B

The bank columns in the Cash Book for June 2020 and the Bank Statement for that month for A. Adage are as follows:

**Cash Book
Bank Account**

2020	Dr	\$“000”	2020	Cr	\$“000”
June 1	Balance b/d	23,790	June 5	D Blake	1,500
June 7	B Green	1,580	June 12	J Gray	4,330
June 16	A Silver	930	June 16	B Stephens	880
June 27	M Brown	3,070	June 28	Orange Club	570
June 28	K Black	6,240	June 30	Balance c/d	28,330
		35,610			35,610
July 1	Balance b/d	28,330			

Bank Statement

2020		Dr	Cr	Balance
		\$“000”	\$“000”	\$“000”
June 1	Balance b/d			23,790
June 7	Cheque		1,580	25,370
June 8	D Blake	1,500		23,870
June 16	Cheque		930	24,800
June 17	J Gray	4,330		20,470
June 18	B Stephens	880		19,590
June 27	Cheque		3,070	22,660
June 28	Standing Order	440		22,220
June 29	Johnson's trader's credit		900	23,120
June 29	Bank charges	700		22,420

The standing order reflected on the Bank Statement on June 28, 2020 relates to the payment of insurance premiums.

Required:

- (i) Update the Cash Book at June 30, 2020.
- (ii) Prepare the Bank Reconciliation Statement as at June 30, 2020.

Part C

The information is given below to facilitate the preparation of the cash budget for the quarter ending September 30, 2021. The following items are to be used to inform the preparation of the budget.

- (a) The following sales represent forecasted sales:

	\$
July	1,500,000
August	2,000,000
September	3,000,000

A. Adage has a policy of allowing 90% of the sales as credit sales. The customers pay one month after sale. Ten percent (10%) of the sales represent cash sales.

- (b) A. Adage negotiates with his suppliers two months' credit on 40% of the purchases. The remainder represents cash purchases. The following purchases were made during the quarter:

	\$
July	900,000
August	1,200,000
September	1,800,000

- (c) Monthly overheads of \$200,000 are incurred. Included in this figure is depreciation of \$40,000. Overheads are paid on a monthly basis.

- (d) A. Adage's family has agreed to inject capital of \$13,000,000 in August.

- (e) A. Adage has decided to pay returns of \$500,000 to the providers of capital in September.

- (f) As a part of A. Adage's policy of fiscal prudence, he has decided to invest \$6,500,000 in Government Paper in September.

- (g) Monthly salaries of \$250,000 are paid when incurred.

- (h) A. Adage expects to receive dividends of \$1,500,000 from Oakton Holdings Limited in July.

- (i) A. Adage is to purchase computer equipment in August costing \$300,000, 50% of the cost to be paid immediately and the remainder one month later.

- (j) Tax of \$1,200,000 is to be paid in each of the stated months, namely March, June, September and December.

- (k) A. Adage plans to repay the balance on his loan with Security Commercial Bank. The outstanding principal is \$2,500,000 and the interest of \$50,000. It is expected that principal and interest will be repaid in August.
- (l) The balance of cash on July 1, 2021 is expected to be \$1,200,000.

Required:

Prepare a cash budget for the quarter ending September 30, 2021.

END OF PAPER