

NORMAN MANLEY LAW SCHOOL
Council of Legal Education

LEGAL EDUCATION CERTIFICATE
SECOND YEAR EXAMINATIONS, 1987

OFFICE MANAGEMENT AND ACCOUNTING
(Tuesday, May 26, 1987)

Instructions to Students

- a) Time: 3½ hours
- b) Attempt FIVE questions but not less than TWO from any PART.
- c) Specially ruled paper will not be required for Accounting.
- d) Use separate answer books for Accounting and for Office Management. DO NOT WRITE ON BOTH SIDES OF THE ANSWER BOOK IN OFFICE MANAGEMENT.
- e) It is unnecessary to transcribe the questions you attempt.

P A R T A

OFFICE MANAGEMENT

QUESTION 1

State your views on the basic concepts and objectives of office management.

QUESTION 2

Describe the purposes of a new office budget. What should it contain?

QUESTION 3

What is meant by an Attorney's professional undertaking and what are the implications of giving or accepting same?

QUESTION 4

In preparing a contract for the sale of land and buildings indicate the precautions to be taken.

P A R T E

ACCOUNTING

QUESTION 5

On June 30, 1985, the totals of the balances extracted from J. Jackson's Sales Ledger were \$10,193 debit and \$85 credit and from the Purchases Ledger \$8,436 credit and \$136 debit. The following particulars relating to the year ended June 30, 1986 are given to you:

Sales including cash sales of \$3,000	= \$83,954
Purchases excluding cash purchases of \$1,000	= \$54,085
Cash received from debtors	= \$70,136
Cash paid to creditors	= \$50,476
Returns Inwards	= \$ 1,273
Returns Outwards	= \$ 724
Discount allowed	= \$ 2,957
Discount received	= \$ 1,995
Bad debts written off	= \$ 414
Bad debts written off in 1983 now recovered	= \$ 600
Bills receivable received	= \$ 5,154
Bills receivable dishonoured	= \$ 334
Cheque lodged returned from Bank with notation N.S.F. (John Brown)	= \$ 400
Discount deducted by debtor subsequently disallowed	= \$ 17
A debit balance in the Purchases Ledger transferred to an account in the Sales Ledger	= \$ 44
Allowances from suppliers in respect of goods stolen or damaged in transit	= \$ 269
Bills receivable endorsed over to a creditor	= \$ 208
Discount deducted in error when settling a creditors account	= \$ 10

Required: Write up the Debtors and Creditors Control Account for year ended June 30, 1986 bringing down the net balances at June 30, 1986.

QUESTION 6

ABC & Company owns a fleet of lorries which in total have cost him \$186,600. He prepares his accounts half-yearly and provides for Depreciation of the lorries at the rate of 20% per annum on cost. This is credited to a separate provision for Depreciation on Lorries Account on which the accumulated balance at December 31, 1984 was \$92,600.

Lorry No. 5 which had cost \$12,000 on June 30, 1982 was sold on March 31, 1985 for \$7,200 cash. Lorry No. 7 was bought on September 30, 1985 for \$21,600.

Required: Write up the Lorries Account, the provision for Depreciation on Lorries Account, the Disposal of Lorries account for the year 1982, bring down the balances at June 30, 1985 and December 31, 1985 and showing the transfers to Profit and Loss Accounts.

QUESTION 7

(a) From the following information prepare the Cash Budget of Pleasure and Company for the months of January, February, March 1988:

The Cash Book is expected to have a debit balance of Cash in Bank amounting to \$60,000 at December 31, 1987.

The budgeted sales (which are all expected to be on credit) are:

November, 1987	= \$160,000
December, 1987	= \$180,000
January, 1988	= \$150,000
February, 1988	= \$150,000
March, 1988	= \$160,000

Analysis of the records shows that debtors will settle their accounts according to the following pattern: 60% within the month of sale, 25% the month following and 15% the month following.

Extracts from the Purchases Budget were as follows:

December, 1987	= \$120,000
January, 1988	= \$110,000
February, 1988	= \$ 90,000
March, 1988	= \$110,000

All purchases are on credit and past experience shows that 90% are settled in the month following purchases and the balance settled the month after.

Wages \$15,000 per month and overheads \$20,000 per month (including \$5,000 depreciation) are settled monthly.

Taxation of \$16,000 has to be settled in January, 1988 and the Company will receive settlement of an insurance claim of \$50,000 in March, 1988.

(b) Why will the net inflow/outflow from the Cash Budget be different from the net profit/(loss) of the Budgeted Profit and Loss Account?

QUESTION 8

The Bank Account for the month of September, 1986 in the books of Leisure and Company was as follows:

<u>BANK ACCOUNT</u>					
<u>Receipts</u>					
Sept. 1	balance b/f	543.88	Sept. 3	Dew Ltd.	52316 50.16
" 1	T. Homes	106.80	" 4	Severns Bros.	52317 63.44
" 1	Dove Ltd.	125.70	" 8	Clyde & Co.	52318 243.72
" 13	Isis Co.	3,586.96	" 9	Ribble & Co.	52319 2,748.58
" 20	Electronics Ltd.	4,808.74	" 13	Port Ltd.	52320 20.70
			" 20	D. Engineers Ltd.	52321 1,284.26
			" 24	Water Authority Direct Debit	64.00
			" 26	Rum Decorators	180.88
			" 26	Trade Council S/O	247.14
			" 27	Salaries Transfers	1,881.20
			" 27	Hold & Sons	52323 8.60
			" 30	Balance c/d	<u>2,379.40</u>
		<u>\$9,172.08</u>			<u>\$9,172.08</u>

Oct. 1 Balance b/d 2,379.40

In early October, the firm's bank sent a statement for the month of September 1986 the details of which follow:

Statement of Account with N.B.C.
Name: Leisure & Company - Current Account d/d October 1, 1986

<u>Sept.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
		\$	\$	\$
1	Balance			1,184.90
2	52315	170.32		1,014.58
5	52314	200.68		813.90
8	52316	50.16		763.74
12	D/D (Insurance)	52.52		611.22
13	CR		3,586.96	4,198.18
13	52318	143.72		4,054.46
15	52319	2,748.58		1,305.88
16	52317	63.44		1,242.44
20	CR		4,808.74	6,051.18
22	D/D (Water Authority)	64.00		5,987.18
23	52320	20.70		5,966.48
26	S.O.	247.14		5,719.34
28	TRFR	1,881.20		3,838.14
29	INT (LOAN)	22.38		3,815.76
30	Bank charges	14.74		3,801.02
30	52321	1,284.26		2,516.76
30	Balance			2,516.76

Abbreviations: S.O. - Standing Order,
 CR - Credit
 D/D - Direct Debit (to current account)
 TRFR - Transfer
 INT - Interest

- Required: a) Prepare the Bank Reconciliation Statement of Leisure and Company at September 30, 1986.
- b) Journalise the figures in the statement for which adjustments must be made in order to obtain the Bank Account Balance for the Balance Sheet. What figure should this be?