

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

**LEGAL EDUCATION CERTIFICATE  
SECOND YEAR SUPPLEMENTARY EXAMINATIONS, 1997**

**OFFICE MANAGEMENT AND ACCOUNTING**

**(Wednesday, August 13, 1997)**

**Instructions to Students**

- (a) Time 3½ hours.
- (b) Answer **FIVE** questions, not more than **THREE** questions from any part.
- (c) **Questions selected from Part B must be answered on a separate answer booklet.**
- (d) In answering any question, a student may reply by reference to the law of any Commonwealth Caribbean territory, **but must state at the beginning of the answer the name of the relevant territory.**
- (e) It is unnecessary to transcribe the questions you attempt.
- (f) Calculators may be used.

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**PLEASE REMAIN SEATED UNTIL YOUR SCRIPT HAS BEEN COLLECTED.**

**PART A****OFFICE MANAGEMENT****QUESTION 1**

Discuss whether it is necessary for an attorney-at-law to maintain more than one bank account. If your view is that it should be more than one, explain why and how these accounts should be maintained with particular reference to the uses to which the accounts should properly be put. In this context, discuss also the necessity for separate files for each client.

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**QUESTION 2**

Explain the notion of "marketing" of legal services and why this is something which attorneys-at-law need to prepare for. Comment on this notion in the context of the Canons of Professional Ethics with particular reference to the prohibition against advertising.

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**QUESTION 3**

"Communication is at the heart of every successful lawyer/client relationship."

Comment on this statement, explaining some of the consequences of a lack of communication and the various systems which it is possible to use to maintain adequate communication.

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**QUESTION 4**

"The importance of law being a profession has long since been overtaken by the recognition that it is a service industry."

Comment on this statement.

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**PART B****ACCOUNTING****QUESTION 5**

At December 31, 1995, the Bank Statement of Success Limited disclosed an overdraft of \$6,000.

An examination of the Cash Book and the Bank Statement disclosed the following cheques drawn, but not presented to the Bank for payment -

- (a) \$ 240
- (b) \$6,080
- (c) \$ 200
- (d) \$ 500

The under-mentioned payments appearing in the Bank Statement had not been entered in the Cash Book -

- (w) Standing Order for payment of \$150 to Chamber of Commerce
- (x) Stamp Duty on Foreign Draft lodged by Success was \$25
- (y) A charge of \$20 for four cheque books
- (z) Bank Interest on overdraft = \$250.

A cheque for \$500 lodged on December 15, 1995, and credited to Success Bank Account was returned with the notation "Payment Stopped". Success wrote to the debtor from whom the cheque was received and for the time being made no entry in their Cash Book.

In addition, a cheque book costing \$5 had been entered twice in the Cash Book of Success. It was also discovered that Cash Receipts of \$4,200 by cheques were not lodged until January 4, 1996, though the lodgment slip had been prepared prior to that date.

**REQUIRED -**

Prepare a statement reconciling the bank balance as per Bank Statement with what in your view should have been the proper bank balance as per the Cash Book on December 31, 1995.

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**QUESTION 6**

The following details were extracted from the books of S.K. Jeremiah at June 30, 1995 -

**Sales Ledger Balances at January 1, 1995 -**

Debit	\$61,200
Credit	\$ 1.680

**Purchases Ledger Balances at January 1, 1995 -**

Debit	\$ 760
Credit	\$48,590

**Transactions for the six months -**

	<b>\$</b>
Cash received from trade debtors	358,190
Discount allowed	3,840
Sales Returns	1,440
Credit Sales	379,200
Bad Debts written off	1,200
Bad Debts written off two years ago now recovered	1,500
Payments to suppliers	281,568
Discount received	7,500
Purchases on credit	296,000
Returns outward	4,800

During the six month period, debit balances of \$900 were transferred from the Sales Ledger to the Purchases Ledger.

At June 30, 1995 -

Sales Ledger credit balances were \$800

Purchases Ledger debit balances were \$600.

**REQUIRED -**

Prepare and balance the Sales Ledger and the Purchases Ledger Control Accounts at June 30, 1995.

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**QUESTION 7**

- (a) What are the advantages of Control Accounts?
- (b) What factors would help you to decide to capitalise an item of expenditure?
- (c) Why will an Income and Expenditure Account show different figures than that of a Receipts and Payment Account?

**QUESTION 8**

The following information relates to the imaginary business of Success Limited -

- (a) Opening Cash on January 1, 1993 = \$3,200
- (b) Sales at \$12 per unit - credit three months after sale

**Unit Sales**

<u>1992</u>			<u>1993</u>								
Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	July	Aug.	Sept.
80	90	70	100	60	120	150	140	130	110	100	160

- (c) **Production Units**

<u>1992</u>			<u>1993</u>								
Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	July	Aug.	Sept.
70	80	90	100	110	130	140	150	120	160	170	180

- (d) Raw material used in production costs \$4 per unit of production. They are paid for two months before being used in production.

- (e) Direct labour \$3 per unit is paid for in the same month as the unit is produced.
- (f) Other variable expenses \$2 per unit,  $\frac{3}{4}$  of the cost being paid for in the same month as production and the other  $\frac{1}{4}$  paid for in the month after production.
- (g) Fixed expenses of \$100 per month are paid monthly.
- (h) A second-hand motor cycle is to be bought and paid for in April 1993 for \$8,000.

**REQUIRED -**

Prepare a Cash Budget for the month ending June 30, 1993 showing inflow/(outflow) with a total column.

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