

COUNCIL OF LEGAL EDUCATION



EXAMINATION FOR ADMISSION
TO THE ROLL OF ADVOCATES

ATP 106: LEGAL PRACTICE MANAGEMENT

TUESDAY 20TH NOVEMBER, 2012

DURATION: 3 HOURS

Instructions to Candidates

- (a) Answer **ONE** question from each of the **THREE** sections and a **FOURTH** question from any section
- (b) All questions carry 15 marks each.
- (c) Marks may be lost for illegibility

PLEASE TURN OVER

SECTION 1: COMMERCIAL ACCOUNTS

1. a) The following trial balance was extracted from the books of E. Wamithi, a small scale trader on 31st March, 2011

	Shs	Shs
Sales		60,000
Capital		30,000
Purchases	30,000	
Sales Returns	5,000	
Carriage in	2,000	
Wage outstanding		2,000
Purchase Returns		1,000
Carriage out	3,000	
Rent received		1,000
Depreciation on plant	4,000	
Reserve for doubtful debts		1,000
Plant account	20,000	
Salaries and wages	3,000	
Sundry creditors		6,000
Drawings	10,000	
Bad debtors	2,000	
Loans		38,000
Premises	20,000	
Stock 1.4.2010	25,000	
Sundry debtors	<u>15,000</u>	<u> </u>
	<u>139,000</u>	<u>139,000</u>

Additional information:

- a) Stock on 31.3.2011 was Kshs.40,000. A fire broke out in the go-down and destroyed stock worth Kshs.5,000. Insurance company had accepted the claim in full.
- b) Provide for bad debts @ 10% and provide for discount on debtors @ 5% and on creditors @ 10%.
- c) Depreciate buildings at the rate of 15% p.a.
- d) Rent outstanding amounted to Kshs.1,000.
- e) Closing stock includes samples worth Kshs.2,000.

Required:

From the above data, prepare an income statement and a balance sheet as at 31st March, 2011.

(10 marks)

- (b) Explain the importance of qualitative characteristics in the financial accounting reports.

(5 marks)