

COUNCIL OF LEGAL EDUCATION



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

ATP 106: LEGAL PRACTICE MANAGEMENT

FRIDAY 01 APRIL 2022

DURATION: 3 HOURS

Instructions to Candidates

- (a) This paper contains Six (6) printed pages including the cover page, with a total of Seven questions.
- (b) Candidates **MUST** answer FIVE (5) questions.
- (c) Question ONE is compulsory and carries 20 marks.
- (d) All other questions carry 10 marks each.
- (e) Candidates **MUST** answer ONE question from each of the Sections and a FIFTH question from any Section.

PLEASE TURN OVER

QUESTION ONE

- a) A law firm or any other business requires accurate, complete and updated information. A combination of both financial accounting and cost accounting system can facilitate the achievement of this goal

Required

- i. Discuss the advantages of a costing system (3 marks)
 - ii. Explain the factors to be taken into consideration before setting- up a cost accounting system (4 marks)
- b) It is almost impossible to read through a news magazine without finding a reference to quality of work or working life. In search for improved productivity, managers and executives alike are discovering the important contribution that the quality of working life entails.

Discuss critical factors that will affect the quality of work life of employees in a modern and progressive law firm (6 marks)

- c) Discuss key methods a law firm can use to dispose- off old and obsolete records (7 marks)

SECTION A: COMMERCIAL ACCOUNTS

QUESTION TWO

The following summarized cash account and the fixed asset schedule belong to Latex Ltd for the year ended 31st December 2021.

Summarized cash Account

Bal bd	Kshs(000) 500	Wages	Kshs(000) 1,350
Cash from cash sales	3,500	Cash paid to suppliers	4,320
Cash from credit sales	5,750	Tax paid	100
Cash from issues of shares	1,200	Cash paid on finance leases	700
Cash from sale of building	970	Final dividend (2020)	100
		Interim dividend (2021)	50
		Other expenses	600
		Bal cd	<u>4,700</u>
Balance bd	<u>11,920</u>		<u>11,920</u>
	4,700		

FIXED ASSETS SCHEDULE

	Plant Ksh. (000)	Building Ksh. (000)	Total Ksh. (000)
Cost at 1 Jan 2021	10,000	15,000	25,000
Acquisitions	4,730	-	4,730
Disposal	-	(5,000)	(5,000)

Cost at 31 Dec 2021	<u>14,730</u>	<u>10,000</u>	<u>24,730</u>
Accumulated depreciation:			
Bal bf	3,500	6,000	9,500
Charge for the year	650	1,500	2,150
Disposals	-	(4,500)	(4,500)
Accumulated depreciation	<u>4,150</u>	<u>3,000</u>	<u>7,150</u>
Balance as at 31 Dec 2021			

Additional information

1. Tax charge for the year was Kshs. 400,000. The opening balance on tax liability account was Kshs. 100,000
2. The proposed final dividend for the year 2021 was Kshs. 120,000
3. Other expenses include insurance, which is paid a year in advance on 30 June. In the year 2020, insurance of Kshs. 300,000 was paid. The amount paid in the year 2021 was Kshs. 400,000.
4. Accrued wages were Kshs. 75,000 at 1 January 2021 and Kshs. 95,000 at 31 December 2021.
5. Stocks were Kshs 1,500,000 at January 2021 and Kshs 1,700,000 at 31 December 2021.
6. All Kshs. 700,000 paid on the finance lease in the year 2021 represented capital. This was the first year of the lease and interest was not paid until the second payment, which was made in the year 2022. Interest as Kshs. 403,000 was included in the year 2021 financial statements.
7. Opening and closing trade debtors and trade creditors were:

	1 Jan 2021	31 Dec 2021
Trade debtors	300,000	450,000
Trade creditors	500,000	475,000

8. 6,000 ordinary shares of Kshs. 100 per value were issued at a premium on 1 March 2021
9. Revenue reserves of latex Ltd as at 31 December 2020 were Kshs. 948,000
10. Revenue reserves of Latex as at 31 December 2021 were Kshs. 1, 680,000

Required:

A statement of cashflow using the direct method, including a reconciliation of the profit for the year with cash from operation (10 Marks)

QUESTION THREE

Alice and Co. Advocates who maintains separate bank accounts had the following transactions during the month of January.

Jan 1: Received Kshs. 50,000 rent on behalf of Olex Estates

Jan 3: Paid Kshs. 100,000 insurance premium for Patrick Memorial Fund

Jan 4: Paid Olex Estates Kshs. 285,000 being rent collected for Dec 2020 less agreed costs.

Jan 5: Received 500,000 from Pink Ltd being a debt due to Palace Ltd

Jan 7: Received Kshs. 1 million from Fidex Ltd in advance of professional services to be rendered.

Jan 9: Paid Kshs. 2 million into Alice and Co. Advocates client fixed deposit account on behalf of Patrick Memorial Fund.

Jan 10: Paid Palace Ltd Kshs. 1.7 million being debts collected on its behalf, less costs as agreed.

Jan: 11: Drew, as agreed, Kshs. 25,000 on account of cost from Texas Inc.

Jan 14: Paid telephone Kshs. 3000 and electricity Kshs. 1,500

Jan 15: Paid Kshs. 300,000 to John, at the request of MK Sacco

Jan 18: Received Kshs. 20 million from Bondex Ltd on behalf of Fidex Ltd as sale proceed for land.

Jan 19: Debited costs of Kshs. 220,000 against MK Sacco and an additional Kshs. 2 million against Fidex Ltd, and paid the balance due.

Jan 22: Received Insurance compensation of Kshs. 1.5 million for the Late Patrick which was to be paid to his Memorial Fund.

Jan 24: Paid salaries Kshs. 250,000 rent 15,000

Jan 26: Purchased stationery Kshs. 30,000

Jan 29: Paid repairs Kshs. 100,000 for Patrick Memorial Fund.

Jan 31: Debited costs Kshs. 25,000 against Patrick Memorial Fund.

Additional information:

1 Jan 2021 Bank balance on Office Account	Kshs. (000)	1 Jan 2021 Clients A/c	Kshs. (000)
	1,500	Patrick Memorial Fund	2,500
		Texas Inc	500
		Olex Estate	250
		Palace Ltd	1200
		MK Sacco	500
Totals	<u>1,500</u>		<u>5,000</u>

Required:

Post the above transactions to

- i) Cash book (4marks)
- ii) Clients ledger accounts for the month of Jan 2021 (6 marks)

SECTION B: HUMAN RESOURCE MANAGEMENT

QUESTION FOUR

- a) Performing the function of recruitment for a newly established law firm is a complex exercise due to hurdles created by internal and external factors which will influence staffing of the law firm.
Discuss five (5) factors that will influence the recruitment process of a newly established law firm (5 marks)
- b) A well-considered pre-planned recruitment policy may avoid hasty or ill-considered decisions and may go a long way in sourcing and staffing the law firm with right type of human resource.
Discuss five (5) elements that should be taken into consideration in formulating a recruitment policy (5 marks)

QUESTION FIVE

The employment relationship is not just an economic and moral connotation. As a graduate of Kenya School of Law, discuss the arguments for and against the view and the implications for human resource management in any law firm. (10 marks)

SECTION C: OFFICE PRACTICE

QUESTION SIX

The procurement officer of Kahindi and Ogutu Associates law firm was summoned by the managing partners on one Thursday morning. The firm was in a crisis that morning as the newly opened bundle of pens were unusable and the stock of printing paper was exhausted. On closer scrutiny, the managing partner realized that the firm did not have a formal procurement process.

Required:

- a) Suggest with reasons three methods of procurement that can ensure the delivery of quality products and value for money for the firm. (6 marks)
- b) Explain four benefits of an effective inventory management system (4 marks)

QUESTION SEVEN

Caroline and Anthony were discussing on the nature of the office layout and structure they would establish for their law firm upon completing their studies at Kenya School of Law.

Caroline was of the opinion that COVID-19 pandemic has revealed that many firms can survive when employees work from home especially the non-essential ones. This therefore eliminates the need for front office as well as open office layout. Anthony on the other hand felt that an open office layout is especially critical now as the world navigates the pandemic.

Argue the case for having a front office in the law firm (10 marks)