

**COUNCIL OF LEGAL EDUCATION.**



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

**ATP 106: LEGAL PRACTICE MANAGEMENT.**

**WEDNESDAY 29<sup>TH</sup> NOVEMBER 2017.**

**DURATION: 3 HOURS.**

**Instructions to Candidates:**

- (a) This paper contains **Five printed pages** including the cover page, with a total of **Seven questions**
- (b) Candidates **MUST** answer **FIVE** 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 Sections A,B, and C and a **fifth** question from any Section

**PLEASE TURN OVER**

- vi. He purchased tiles making materials worth shs.1,960,000 out of which shs.158,000/- worth of stock was retained in the workshop on 31 March 2016. He also spent shs.960,000 on the purchase of some equipment at the commencement of the business which he estimates will last him five years.
- vii. Electricity bills received up to 31 January 2016 was shs.240,000/-. Bills for the remaining two months were estimated to be shs.48,000. Lorry expenses was shs.182,000/- while general expenses amounted to shs.270,000/- for the year. Insurance premium for the year to 30 June 2016 was shs.160,000. All these expenses have been paid by cheque.
- viii. Rates for the year to June 2016 were shs.36,000/- but these had not been paid.
- ix. Liza sent out invoices to customers for shs.6,178,000/- but only shs.5,080,000/- had been received by 31 March 2016. Debts totaling to shs.17,000 were abandoned during the year as bad. Other customers for jobs too small to invoice had paid shs.726,000 in cash for work done of which shs.560,000/- was banked. Juma used shs.75,000 of the difference to buy foodstuff for his family and bought personal airtime from Safaricom for shs.24,000/- and Liza used the rest on general expenses except for shs.30100/- which was left over in the drawer in the office on 31 March 2016. He had given a customer a discount of shs.8,000/-.
- x. You agree with Juma that he will pay you shs.55,000 for consultancy fee.

Required:

- (a) Prepare an Income Statement for the year ended 31 March 2016. (5 marks)
- (b) Prepare a Statement of financial position as at 31 March 2016. (5 marks)

### QUESTION THREE

A client is concerned about apparent fluctuation in efficiency and wants to determine how cost is influencing his profitability.

The following information was extracted from his books.

|   | Shs.    |
|---|---------|
| Stock on 1 <sup>st</sup> October 2016:  |         |
| Raw materials                           | 800,000 |
| Work in progress                        | 240,000 |
| Finished goods                          | 400,000 |
| Stock on 31 <sup>st</sup> October 2016: |         |
| Raw materials                           | 700,000 |
| Work in progress                        | 340,000 |
| Finished goods                          | 460,000 |

- (a) Assume you are the Human Resource Manager of the law firm. Provide five (5) justifications for higher financial allocation to training and development. (5 marks)
- (b) Discuss five (5) reasons why it is imperative for an organization to evaluate its training and development initiatives. (5marks)

### SECTION C - OFFICE PRACTICE

#### QUESTION SIX

Trade credit is a service that allows customers to obtain goods and services from a business. The customers pay for the goods and services at a specified date in the future.

- (a) Discuss three merits and two demerits of having a trade credit policy in your law firm. (5 marks)
- (b) Discuss five other policies that can be used to guide the behaviors and decision making of employees in a law firm. (5 marks)

#### QUESTION SEVEN

- (a) Explain the meaning of the term management ethics. (2 marks)
- (b) Citing examples where appropriate, describe five indicators that may show that a manager in a law firm is being unethical. (5 marks)
- (c) Describe three measures that management may take to address unethical behavior in a law firm. (3 marks)

-----  
END