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## COUNCIL OF LEGAL EDUCATION

### EXAMINATION FOR ADMISSION TO THE ROLL OF ADVOCATES

REGISTRATION NUMBER:

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VENUE: Co-operative University ☐ Kenya School of Law ☐ KNEC ☐

#### ATP106: LEGAL PRACTICE MANAGEMENT

Examination Series: November 2024

Date: 26<sup>th</sup> November 2024

Time: 09:00AM-12:00PM

Duration: 3 hours

#### Instructions to Candidates:

- Enter your registration number and tick the exam venue in the space provided.
- Answer **FIVE (5)** questions; including question **ONE** which is **COMPULSORY**, **ONE** question from each of the Sections and a **FIFTH** question from any Section.
- Question **ONE** carries **20 Marks**. All other questions carry **10 Marks** each.
- Attempt each question in the space provided. Additional space is provided at the back of the booklet.
- Answers **MUST** be supported by relevant statutory provisions and case law where required.
- Do not write your name in the booklet.
- Ensure your handwriting is **LEGIBLE**.

FOR EXAMINER'S USE ONLY

Question Number	Examiner		Internal Moderator		External Moderator		Quality Assurer	
	Mark	Initials	Mark	Initials	Mark	Initials	Mark	Initials
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4.								
5.								
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7								
Total Marks								



## QUESTION ONE

A.

- i. Useful accounting information should possess certain characteristics that enable the users to rely on it to make important decisions. Explain two (2) characteristics of useful accounting information. (2 Marks)
- ii. Explain reason why a business that is reporting profits may still be facing challenges with its cash flows and therefore not able to meet its financial obligations. (1 Marks)
- iii. The following trial balance was extracted from the books of Heshima Traders as at 30<sup>th</sup> June 2024.

### Heshima Traders

#### Trial balance as at 30<sup>th</sup> June 2024

	Dr. Kshs.	Cr. Kshs.
Sales		2,520,000
Purchases	893,000	
Carriage inwards	17,000	
Carriage outwards	12,000	
Legal fees	213,000	
Drawings	72,000	
Rent	260,000	
Insurance and rates	150,000	
Postage and Stationary	45,000	
Advertising	180,000	
Wages	360,000	
Bad debts	34,000	
Allowance for doubtful debts		16,000
Accounts receivable	486,000	
Accounts payable		263,000
Cash in hand	182,000	
Cash at bank	1,033,000	
Inventory as at 1 <sup>st</sup> July 2023	263,000	
Equipment at cost	895,000	
Motor vehicle at cost	1,225,000	
Accumulated depreciation;		
Equipment		89,500
Motor vehicle		122,500
Capital		3,309,000
<b>Total</b>	<b>6,320,000</b>	<b>6,320,000</b>



Additional information:

- 1) Inventory as at 30<sup>th</sup> June 2024 was valued as:  
Cost 187,000  
Net Realizable value 216,000
- 2) Legal fees amounting to 17,000 were outstanding as at 30<sup>th</sup> June 2024 while wages amounting to 20,000 had been paid in advance.
- 3) Depreciation is to be charged at 10% and 20% on cost of equipment and motor vehicle respectively.
- 4) Drawings of goods amounting to 18,000 had been omitted from the books
- 5) Additional bad debts amounting to 14,000 are to be written off.
- 6) Allowance for doubtful debts is to be maintained at 2% of outstanding accounts receivable.

Required:

Prepare an income statement of Heshima Traders for the year ended 30<sup>th</sup> June 2024.

(7 Marks)

- B. Josanne Advocates is a law firm that operates in Kenya. The firm started as a sole proprietor but gradually grew to a partnership, with several partners and a large pool of employees. The firm experienced an increase in customer base through attraction and retention, leading to increase in sales and profits margin. Recently, the firm's profitability has declined steadily which has become a major concern to the management. The management conducted investigations and discovered the following factors to be the cause of the decline:
- i. Poor customer management,
  - ii. Slow adaptation to new technology, and
  - iii. No clear laid down methods of procurement.

To resolve the matter, the management has approached you to advise them on strategies that the firm can adopt in order to improve its customer service management. Proceed and advise.

(5 marks)

- C. A large healthcare organization is facing challenges in retaining their skilled professionals. Many of them feel that their career progression is limited. The organization lacks a structured career development and management programme, leading to low morale and a high turnover trend. According to the 2024 Human Resource Report, the organization does not have a clear promotion policy to guide decisions on promotion. With the evolving demands in the healthcare industry, the organization recognizes the need to implement a comprehensive career development and promotion strategy.

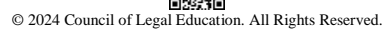
Explain five (5) emerging trends in career development and management that the healthcare organization can integrate into its career development strategy.

(5 marks)

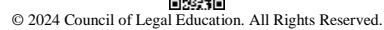


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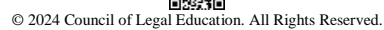


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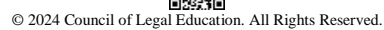
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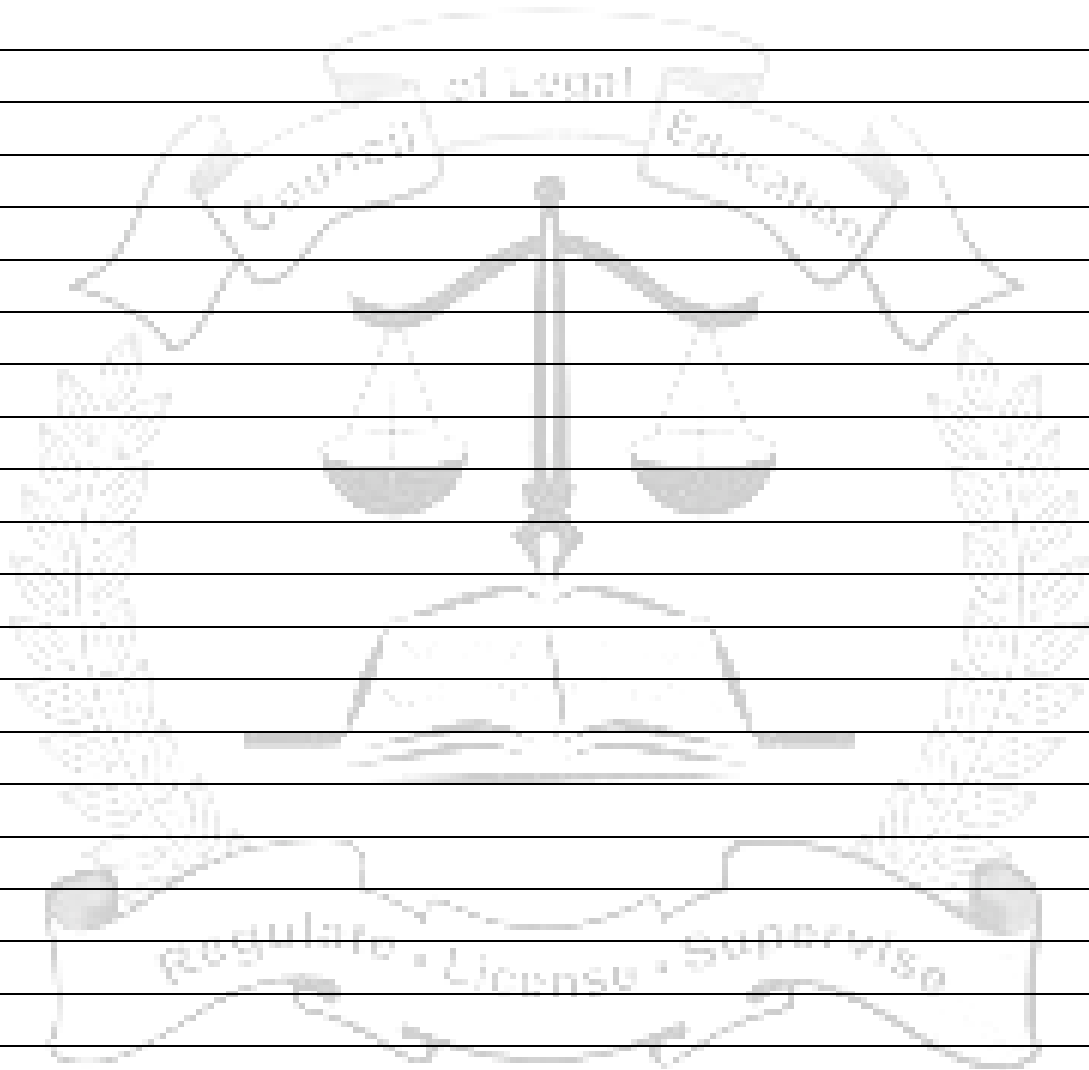
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## SECTION ONE: OFFICE PRACTICE

### QUESTION TWO

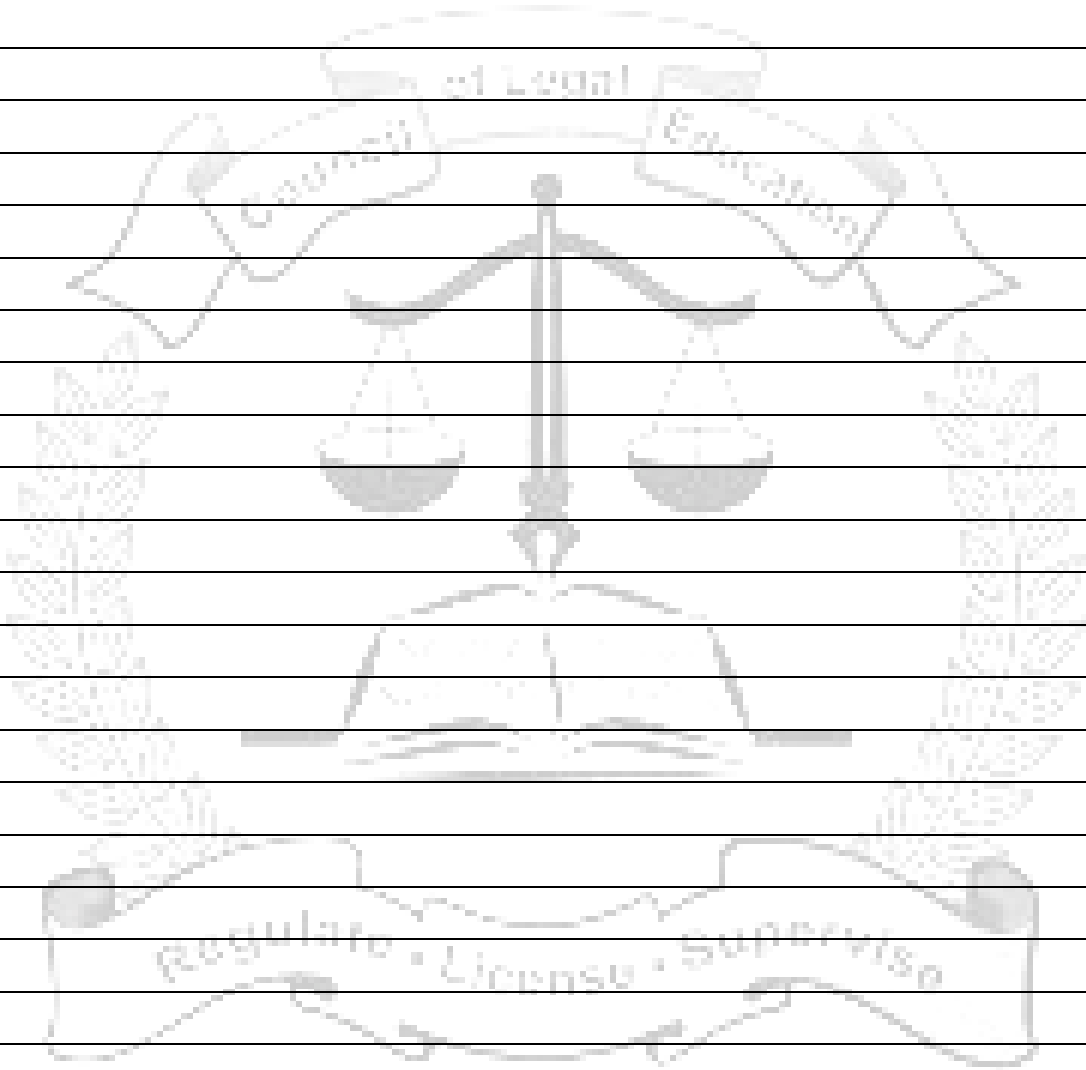
James and Jane Advocates, a prominent law firm in Nairobi County has recently experienced a significant data breach. Sensitive client information, including case details and personal data was compromised due to a cyber-attack. This incidence has led to disruptions in ongoing cases, client dissatisfaction and potential legal liability for the firm. In response, the firm has consulted you to assist in the development of a disaster management plan to address this crisis and prevent future occurrence.

Required:

- Explain two (2) preventative measures the law firm could implement to safeguard against future data breaches and other potential disasters. (4 marks)
- Propose to the law firm three (3) key components of a disaster recovery plan that they should develop to effectively manage and recover from future disasters. (6 marks)

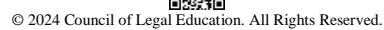
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### QUESTION THREE

Mary and Agnes Advocates is a medium sized law firm based in Mombasa. The firm has been experiencing a shortage of essential office supplies, such as printing paper, ink cartridges and other stationary causing disruptions in their daily operations. For years, the firm has relied on a sole supplier, Prime Suppliers Ltd, owned by the brother of one of the senior partners, Paul. Recently there have been complains from staff about delayed deliveries, substandard products, and inflated prices from Prime Suppliers Ltd., however due to family connection, Paul has been reluctant to consider changing suppliers, despite growing concerns from other partners and employees.

The situation reached a tipping point when a critical batch of suppliers needed for an important case was delayed, resulting in lost time and significant frustration among the legal team. The firm is now debating whether to retain Prime Suppliers Ltd as their supplier or explore alternative solutions. They approach you for some consultation on stock management and procurement at the law firm.

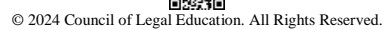
Required:

- Explain three (3) key benefits of having an effective stock management and control in the law firm. (3 marks)
- Propose to the law firm two (2) strategies they can introduce to improve their inventory management. (2 marks)
- Discuss five (5) measures the firm could use to ensure a fair and transparent procurement process without harming personal relationships. (5 marks)

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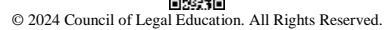
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SECTION TWO: HUMAN RESOURCE MANAGEMENT

QUESTION FOUR

Delta Logistics Ltd. faces significant human resource challenges that impact its operational efficiency and growth. The company’s human resource planning is flawed, leading to misalignment between workforce needs and strategic goals, resulting in overstaffing or understaffing and inefficient resource allocation. The recruitment and selection processes are unstructured, causing inconsistencies and high turnover rates. Additionally, the career progression paths and structure of succession plans create dissatisfaction and leadership gaps affecting operational efficiency.

The job analysis at Delta Logistics Ltd. is problematic, with poorly defined roles and responsibilities causing overlaps and inefficiencies. Inconsistent job descriptions lead to misalignment with the corporate objectives of the organization. Employee separation also present challenges with a lack of structured process, leading to disruptions, loss of crucial knowledge and skills. Overall, these issues highlight the need for more effective human resource practices to enhance alignment, improve processes to support growth and stability.

Required:

- a) Recommend a process that Delta Logistics Ltd. should follow in preparing a workable human resource plan to align their workforce needs to the company’s strategic objectives. (4 marks)
- b) Explain any two (2) methods that Delta Logistics Ltd can use to enhance their recruitment and selection process to attract and hire the right talent. (2 marks)
- c) Discuss four (4) methods that the management of Delta Logistics Ltd. can employ in job analysis to ensure that roles are well defined, and aligned with the organizational goals. (4 marks)

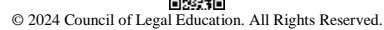
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## QUESTION FIVE

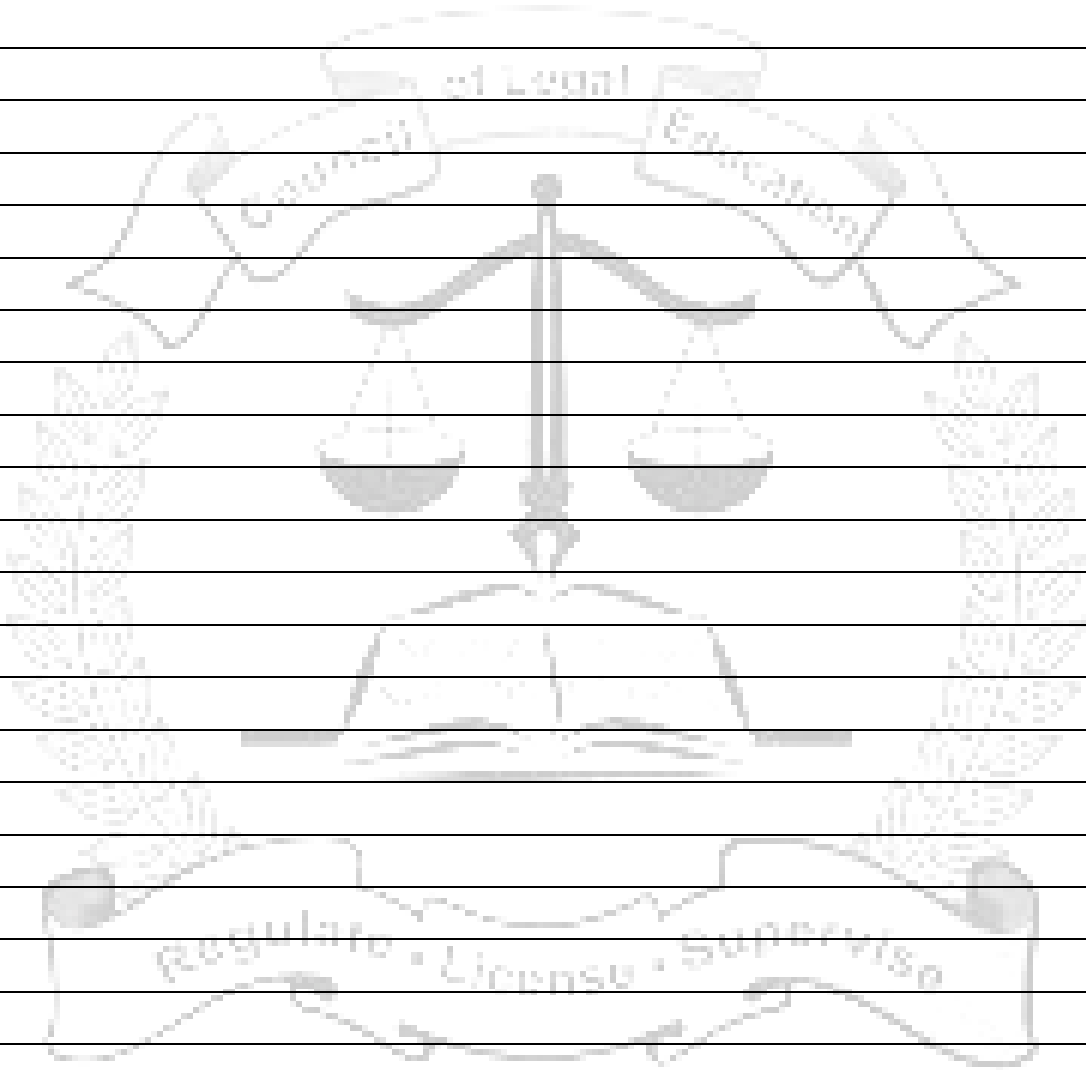
In response to rising employee turnover, particularly among higher performers, the human resource (HR) department of a medium sized law firm evaluated its internal mobility policies. They found that while advancement opportunities exist, communication about these options is insufficient. Exit interviews indicated that employees often leave due to feeling of stagnation and dissatisfaction with career progression. To combat this issue, human resource plans to implement a structured internal mobility program featuring regular career development discussions, clear promotion criteria, and mentorship initiatives. The firm is enhancing its separation process to provide constructive feedback and foster relationships with departing employees, aiming to cultivate a culture that values internal mobility and ultimately reduces turnover rates.

Required:

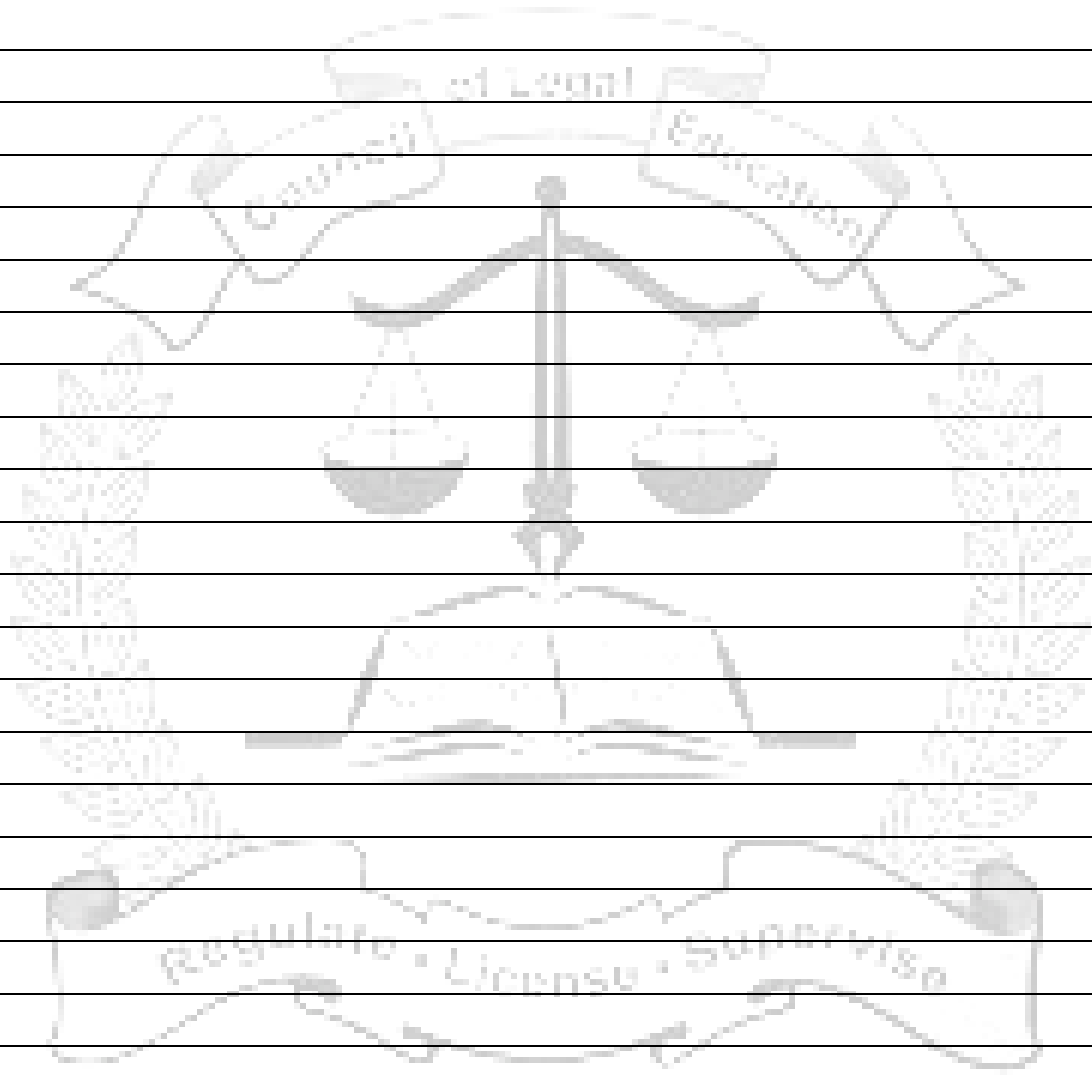
- a) As an expert in Human Resource Management, propose five (5) ways on how the law firm can improve their separation processes in order to maintain positive relationships with departing employees. (5 Marks)
- b) Assess five (5) functions the management of the law firm leadership can implement in promoting internal mobility within the firm. (5 Marks)

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SECTION THREE: COMMERCIAL ACCOUNTING  
QUESTION SIX

- a) Explain two types of accounting errors that affect the balancing of a trial balance. (2 Marks)
- b) The accounts clerk at Kosa Ltd was presented with a trial balance for the year ended 30<sup>th</sup> June 2004, which had a shortage of Kshs 129,000 on the credit side. This difference was transferred to a suspense account.

Further investigations revealed the following errors:

- i) The sales day book had been under cast by Kshs. 180,750.
- ii) Sales amounting to 147,000 made to J. Shah had been erroneously debited to the account of L. Shah.
- iii) The rent account had been under cast by Kshs. 60,600.
- iv) Discounts allowed had been overcast by Kshs. 8,850.
- v) The proceeds from sale of a computer amounting to Kshs. 30,000 had been erroneously credited in the sales account.

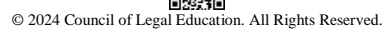
Required:

- i) Prepare Journal entries to correct the above errors. (5 Marks)
- ii) Prepare a suspense account duly balanced. (3 Marks)

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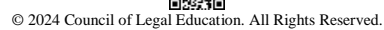
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## QUESTION SEVEN

- a) Under normal circumstances, the bank statement and the cashbook bank column should have equal but opposite balances. This is however not always the case and that's why businesses prepare bank reconciliation statements.

Explain five (5) reasons why the bank statement and the cash book bank column may fail to agree. (5 Marks)

- b) You have been provided with the following balances from the books of Linda traders for the years ended 30<sup>th</sup> September 2024.

Profit for the year	1,250,000
Receipts from debtors	315,000
Payments to suppliers	412,000
Purchase of land	2,234,000
Gain on disposal of motor vehicles	126,000
Income tax paid during the year	67,000
Purchase of inventory	265,000
Depreciation of motor vehicles	123,000
Impairment of goodwill	56,000
Loss on disposal of equipment	23,000

Required:

Determine the cash flows from operating activities.

(5 Marks)

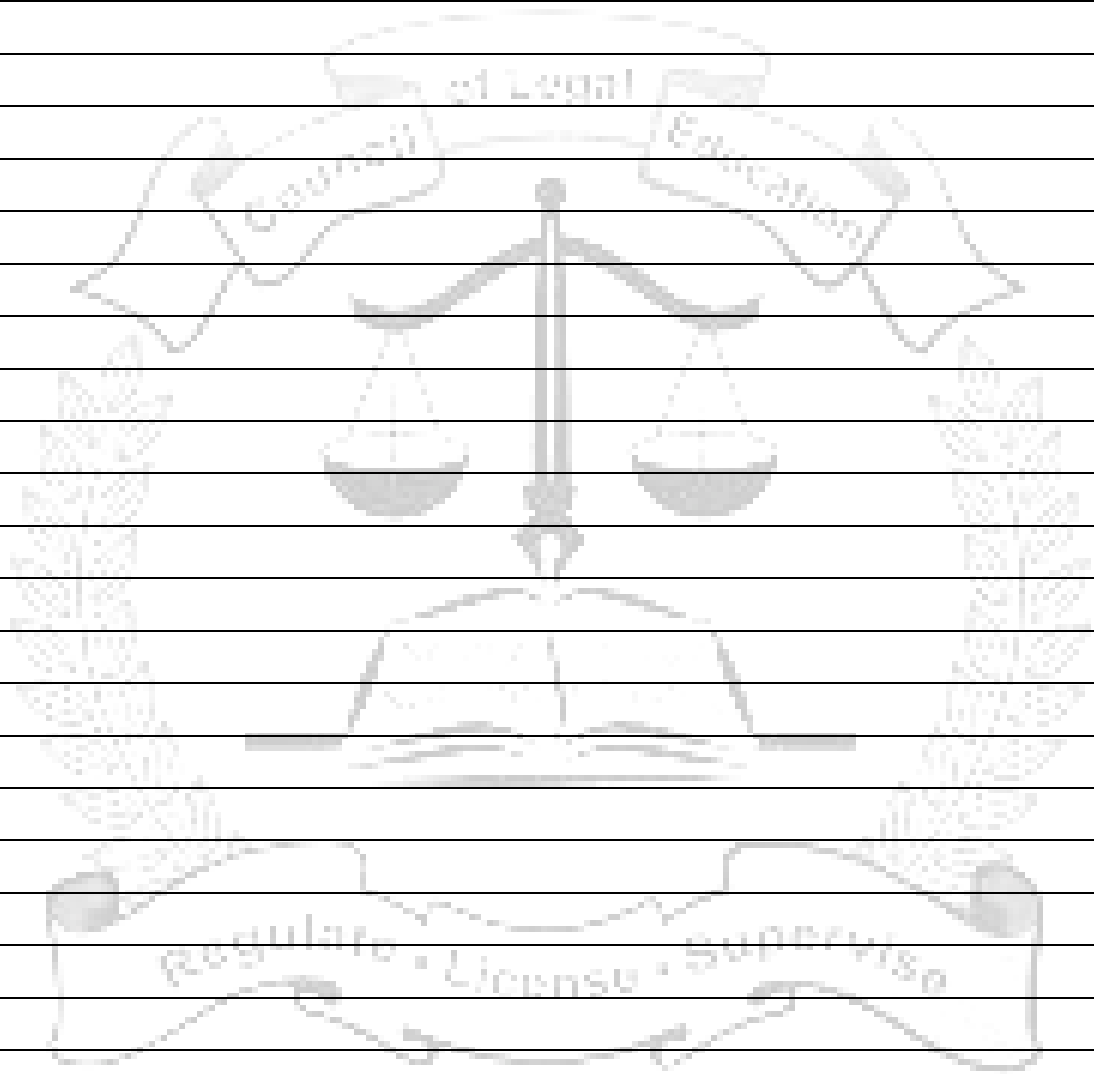
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