

UNIVERSITY OF FORT HARE
NELSON R. MANDELA SCHOOL OF LAW
East London

NUMERACY SKILLS

LNS 121 L / LNS 122E / LNS 121 E

MAIN DEGREE EXAMINATIONS

NOVEMBER/DECEMBER 2019

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Time: 3 hours

Subject: NUMERACY SKILLS – LNS 112 L

Marks: 100

This paper consists of 6 printed pages including the cover page

Internal Examiners

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INSTRUCTIONS

**ANSWER ALL QUESTIONS AND WRITE LEGIBLY. PROVIDE PRECISE
CALCULATIONS AND SHOW ALL YOUR WORKING WHERE REQUIRED.**

QUESTION ONE [46]:

Duty of an Attorney to Account to, & Invoice Clients:

Spartan Attorneys is a firm of attorneys under the sole directorship of Mark Spartan. The firm is a general legal practice. Mark understands the importance of running his business books accurately which also makes his duty of accounting to his clients easier.

In this regard, Mark made arrangements with his client Ncumisa, to account to her on a monthly basis. Mark's agreed tariff of remuneration is as follows:

- Initial personal consultation: R2 750
- Each follow-up personal consultation / requests for an update: R550 per 15mins/part thereof.
- Each telephonic consultation (during working hours): R350 per 5 mins or part thereof.
- Each telephonic consultation (outside working hours): R450 per 5 mins or part thereof.
- Each letter written: R175 per page or part thereof.
- Each letter received: R150 per page or part thereof.
- Each telephone call made: R125.50 per 5 mins or part thereof.
- Each telephone call received: R115 per 5 mins or part thereof.
- Drafting Summons: R3 175.00
- Drafting Affidavit: R235 per page of part thereof.
- Attending to settlement or other meetings related to the matter: R550 per 15 minutes or part thereof.
- Any other attendance on the file related to advancing the matter: R125 per 15 minutes of part thereof

During the month of May 2018, you completed the following work on behalf of Ncumisa:

- i. Consulted with the client for 3 hours 45 minutes on the first day
- ii. Attended to opening several new files of which one of the file was for Ncumisa's matter
- iii. Attended to writing 15 letters (each letter was one and half pages long) to various entities/persons related to the matter
- iv. Received 14 letters from some of the entities/persons, of these 14 letters 5 were more than 2 pages but less than 3 pages; the rest of the letters were just one page long each
- v. Made a call to Ncumisa to come in for a follow-up consultation to discuss the letters received. This consultation lasted 1 hour and 47 minutes
- vi. Attended to drafting a letter of demand which was two and a half pages long

- vii. Attended to drafting and issuing a Summons which was made up of eight whole pages of drafting and the rest being twenty seven pages of attachments in support of Ncumisa's claim
- viii. You further telephonically consulted with Ncumisa 13 times (on 8 of those times the calls lasted for above 5 minutes but were less than 9 minutes; and the remainder of the calls were slightly above 16 minutes but less than 19 minutes
- ix. After issuing summons you attended two meetings, the first a pre-trial conference which lasted 2 hours and 30 minutes, and the second a case management meeting with the Registrar which lasted 2 hour 46 minutes
- x. You also made 19 miscellaneous attendances on the file each lasting between 5 to 10 minutes.

You are required to draft a comprehensive account for your client Ncumisa. Your table should have four columns as shown below:

ITEM	CHARGE	QUANTITY	COST (R)

The marks are allocated as follows: Each of the four columns carries 10 marks (total 40 marks); and a correct final answer in allocated 6 marks. Therefore final total marks for this question = 46 marks.

QUESTION TWO [24]:

Calculating Interest:

- 2.1 Bob Gabashe is a successful entrepreneur who loves the finer things in life. In order to keep and maintain his high lifestyle he continuously invests his money in different portfolios. One day he decides to invest his Forty Eight Million Five Hundred and Forty Thousand Six Hundred and Fifty Four Rand with Tymme Bank for just 4 days. Tymme Bank has offered him an interest rate of 8.5% per annum.

How much interest does Bob earn in the 4 days?

[7]

2.2 Cheryl is a business lady with interests in the cosmetics industry. Her bank: Galaxy Horizon Bank has made an offer for investment to her. After careful consideration of her bank's offer, Cheryl invests her Twenty Three Million Five Hundred and Forty Thousand Six Hundred and Fifty Four Rand for 18 months.

Her bank has offered her an interest rate of 9.1 % per annum, compounded monthly. How much will her investment yield for her at the end of the 3 months? [7]

2.3 Three friends Mbali; Kuhle and Kamva are looking at a Capitec Bank loan advert below. They wish to individually enter into a loan agreement with the bank. They approach you to assist them understand the financial implications of each of their decisions.

LOAN AMOUNT	MONTHLY	REPAYMENT	AMOUNTS
	12 MONTHS	24 MONTHS	36 MONTHS
R7 000	R739	R448	R355
R8 000	R842	R510	R403
R9 000	R946	R572	R452
R10 000	R1 049	R634	R501

Carefully analyse each one of their decisions and concisely explain using straight forward calculations what instalment is payable monthly and also what interest each of them will have paid to the bank at the end of the loan period if:

2.3.1 Mbali decides to loan R7 000 paying it back to the bank over 36 months. [3]

2.3.2 Kuhle decides to loan R9 000 paying it back over 24 months. [3]

2.3.3 Kamva decides to loan R7 000 paying it back over 12 months. [3]

2.3.4 What is the combined interest amount that Capitec Bank will earn from the three friends? [1]