

Tutorial letter 103/3/2018

Financial Accounting Principles for Law Practitioners

FAC1503

Semesters 1 & 2

Department of Financial Accounting

IMPORTANT INFORMATION

This tutorial letter contains important information about your module.

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INTRODUCTION

Dear student,

This tutorial letter is **very important** and contains comprehensive questions and solutions on study units 7 to 9. You can expect similar questions on these topics in the examination.

Please note that “trust creditor/s account” and “trust payable/s account” refer to the same accounts. For this examination, any of the two terms may be used.

If you have any registration or administrative queries related specifically to the College of Accounting Sciences (CAS), you can direct your queries to the Student information hub via the following e-mail address or telephone number:

- CASenquiries@unisa.ac.za
- (012) 429-4211

The **contact details of the various administrative departments** are also available in the **Studies @ Unisa brochure**, which you received with your tuition material. **This information is also available on the Unisa website at <http://www.unisa.ac.za>.**

Student support such as **online tutor groups, Face-to-face tutors, etc.** is provided as additional academic support regarding **enquiries about the content of this module.**

With kind regards,

Lecturers: Financial Accounting Principles for Law Practitioners (FAC1503)

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ANNEXURE A: Additional questions

QUESTION 1

The bookkeeper of Ubuntu Attorneys presented the following list of balances as at 31 March 2018 to you. The balances already include all transactions, including fees raised.

Client/Trust creditor	Trust creditors ledger	Clients ledger
Pansela Ltd.....	R21 300 (credit)	R26 288 (debit)
Aziko Ltd.....	R6 640 (debit)	R5 000 (debit)
Gratis Ltd.....	R45 600 (credit)	Rnil
Free Ltd.....	Rnil	R10 500 (debit)

REQUIRED:

- (a) Record the transfer journal entries needed to transfer the maximum amount from the trust bank account to the business bank account on 31 March 2018. Indicate next to each entry if it is a trust or business account.
- (b) What will the maximum amount be that can be transferred from the trust bank account to the business bank account to ensure that no trust deficit (shortage) will arise? The balance of the trust bank account before the transfer is R60 260.
- (c) Calculate the balances of each account after the transfer journals are posted to the ledger accounts and the funds transferred from the trust bank account to the business bank account.
- (d) Reconcile the trust creditors control account with the trust bank account.

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

Show all calculations.

QUESTION 2

The following transactions for February 2018 were entered into by Naidoo Attorneys in respect of Mr Bosman's divorce case:

Date	Transaction	R
Feb 1	Pay council fees to Mr K Logan.....	1 800
10	Pay Prime Steak for lunch with Mr Bosman.....	400
13	Receive a cheque from Mr Bosman as part payment of fees still to be invoiced. The cheque is not bank guaranteed ★	6 000
17	Pay court fees.	250
19	Pay sheriff fees.	350
24	Pay Uber taxi fees for transport of Mr Bosman from the airport to the court and back. .	300
25	The divorce has been settled.	
26	Issue an invoice to Mr Bosman for fees rendered.....	24 000
28	Transfer the trust funds to the business bank account.	?
28	Receive payment from Mr Bosman in full settlement of his account.	?

Please note:

- ★ If there is no indication that the cheque is **not** bank guaranteed, you must treat the cheque as if bank guaranteed.

REQUIRED:

Record the above transactions in the following ledger accounts in the accounting records of Naidoo Attorneys as at 28 February 2018:

- Trust bank account
- Trust creditors account - Bosman (divorce)
- Business bank account
- Clients account - Bosman (divorce)

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

All accounts must be properly balanced on 28 February 2018.
Show all calculations.

QUESTION 3

Use the same information as in **question 2** but assume that the cheque received from Mr Bosman on 15 February 2018 was guaranteed by the bank.

REQUIRED:

Record the above transactions in the following ledger accounts in the accounting records of Naidoo Attorneys as at 28 February 2018:

- Trust bank account
- Trust creditors account - Bosman (divorce)
- Business bank account
- Clients account - Bosman (divorce)

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

All accounts must be properly balanced on 28 February 2018.
Show all calculations.

QUESTION 4

On 2 January 2018, Mr Coetzee, the accountant of Durable Plastics Ltd requested your firm, Ntini Attorneys, to collect outstanding debt from one of the company's debtors. The debtor, King and Prince Wholesalers owe Durable Plastics Ltd R30 000.

The following actions and transactions took place during January 2018:

Date Actions and transactions

- Jan 2 Mr Coetzee signed a mandate authorising you to invest any funds recovered in a savings account with SA Bank in terms of section 86(4) of the Legal Practice Act 28 of 2014. On collection of the final outstanding amount, the savings account must be closed, and the total funds paid over to Durable Plastics Ltd.
- 3 Send letters of demand to both debtors.
- 5 Pay R400 tracing fees to Mr Jackle, a private investigator, for the detection of Mr K King.
- 10 Receive a bank guaranteed cheque to the amount of R15 000 from Mr P Prince.
Invest the R15 000 received from Mr P Prince in the SA Bank savings account.
- 11 Instruct the sheriff to deliver summons to Mr K King and pay the sheriff R200.
- 15 Receive R8 000 in cash from Mr K King as part payment of his account and invest the money in the savings account with SA Bank.
- 28 Receive R7 000 in cash from Mr K King as final payment of the account.
- 29 Close the savings account at SA Bank and receive a cheque for R23 300.
- 30 Issue an invoice for the following services rendered:
- Fees for receiving instruction R250
 - Letters of demand R100
 - Collection fees ?
- 31 Close off the "clients" and "trust creditors" accounts in the different ledgers. Transfer funds between the trust and business bank accounts and pay the nett amount due, to your client.

REQUIRED:

Prepare the following in the accounting records of Ntini Attorneys for January 2018:

- (a) All the applicable subsidiary journals, properly totalled.
(b) The general ledger, clients ledger and trust creditors ledger, properly balanced.

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

Show all calculations.

QUESTION 5

Use the same information as in **question 4** with the difference that Mr Ntini gave Nkosi Attorneys the instruction to act on behalf of Ntini Attorneys' in the matter.

REQUIRED:

- (a) Draft the correspondent account statement which is to be send by Nkosi Attorneys to Ntini Attorneys for January 2018.
- (b) Prepare the following in the accounting records of Nkosi Attorneys for January 2018:
- (i) All the applicable subsidiary journals, properly totalled.
 - (ii) The general ledger, clients ledger and trust creditors ledger, properly balanced.

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

Show all calculations.

QUESTION 6

Use the same information as in **question 5**.

REQUIRED:

Based on **the correspondent account statement compiled by Nkosi Attorneys (as in question 5(a))**, prepare the following in the accounting records of Ntini Attorneys for January 2018:

- (a) All the applicable subsidiary journals, properly totalled.
- (b) The general ledger, clients ledger and trust creditors ledger, properly balanced.

Your answers must comply with the requirements of the Legal Practice Act 28 of 2014 and the Rules of the Attorneys Profession.

Please note:

Show all calculations.

ANNEXURE B: Suggested solutions to additional questions

SOLUTION: Question 1

(a) Transfer journal		R	R
31/3/2018	Pansela Ltd (trust) (Dr) Pansela Ltd (business) (Cr)	21 300	21 300
	Aziko Ltd (business) (Dr) Aziko Ltd (trust) (Cr)	6 640	6 640

(b) Pansela Ltd	–	R21 300	(from trust to business)
Aziko Ltd	–	<u>R6 640</u>	(from business to trust)
Nett amount		<u>R14 660</u>	(from trust to business)

(c) Companies	Trust creditors ledger		Clients ledger	
	Dr R	(Cr) R	Dr R	(Cr) R
Pansela Ltd – R21 300 (cr) - R21 300 (dr) – R26 288 (dr) - R21 300 (cr)		nil	4 988	
Aziko Ltd – R6 640 (dr) - R6 640 (cr) – R5 000 (dr) + R6 640 (dr)		nil	11 640	
Gratis Ltd		(45 600)	nil	
Free Ltd		nil	10 500	
		(45 600)	27 128	

(d) Trust bank account	–	R60 260 - R14 660	=	<u>R45 600 Dr</u>
Trust creditors control	–	refer to (c) above	=	<u>R45 600 Cr</u>

SOLUTION: Question 2

Dr			Trust bank			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 13	Trust creditor - Bosman	6 000	Feb 24	Trust creditor - Bosman (Uber taxi)	300			
			28	Balance before transfer c/d	5 700			
		6 000			6 000			
28	Balance before transfer b/d	5 700	28	Transfer to business bank	5 700			

Dr			Trust creditor - Bosman			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 24	Trust bank (Uber taxi) c/d	300	Feb 13	Trust bank	6 000			
28	Balance before transfer	5 700			6 000			
		6 000			6 000			
28	Transfer to client - Bosman	5 700	28	Balance before transfer b/d	5 700			

SOLUTION: Question 2 (continued)

(c)

Dr			Business bank			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 28	Balance before transfer c/d	2 800	Feb 1	Client - Bosman (council fees)	1 800			
			10	Entertainment (Prime Steak)	400			
			17	Client - Bosman (court fees)	250			
			19	Client - Bosman (sheriff fees)	350			
		2 800			2 800			
28	Transfer from trust bank	5 700	28	Balance before transfer b/d	2 800			
	Client - Bosman (settlement)	20 700		Balance c/d	23 600			
		26 400			26 400			
Mar 1	Balance b/d	23 600						

(d)

Dr			Client - Bosman			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 1	Business bank (council fees)	1 800	Feb 28	Balance before transfer c/d	26 400			
17	Business bank (court fees)	250						
19	Business bank (sheriff fees)	350						
26	Fees rendered	24 000						
		26 400			26 400			
28	Balance before transfer b/d	26 400	28	Transfer from trust creditor - Bosman	5 700			
				Business bank (settlement)	20 700			
		26 400			26 400			

SOLUTION: Question 3

(a)

Dr			Trust bank			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 13	Trust creditor - Bosman	6 000	Feb 17	Trust creditor - Bosman	250			
			19	Trust creditor - Bosman	350			
			24	Trust creditor - Bosman	300			
			28	Balance before transfer c/d	5 100			
		6 000			6 000			
28	Balance before transfer b/d	5 100	28	Transfer to business bank	5 100			

(b)

Dr			Trust creditor - Bosman			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 17	Trust bank (court fees)	250	Feb 13	Trust bank	6 000			
19	Trust bank (sheriff fees)	350						
24	Trust bank (Uber taxi)	300						
28	Balance before transfer c/d	5 100			6 000			
		6 000			6 000			
28	Transfer to client - Bosman	5 100	28	Balance before transfer b/d	5 100			

SOLUTION: Question 3 (continued)

(c)

Dr			Business bank			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 28	Balance before transfer c/d	2 200	Feb 1	Client - Bosman (council fees)	1 800			
			10	Entertainment (Prime Steak)	400			
		2 200			2 200			
28	Transfer from trust bank	5 100	28	Balance before transfer b/d	2 200			
	Client - Bosman (settlement)	20 700		Balance c/d	23 600			
		25 800			25 800			
Mar 1	Balance b/d	23 600						

(d)

Dr			Client - Bosman			Cr		
Date	Details	Amount	Date	Details	Amount			
2018		R	2018		R			
Feb 1	Business bank (council fees)	1 800	Feb 28	Balance before transfer c/d	25 800			
26	Fees rendered	24 000			25 800			
		25 800						
28	Balance before transfer b/d	25 800	28	Transfer from trust creditor - Bosman	5 100			
				Business bank (settlement)	20 700			
		25 800			25 800			

SOLUTION: Question 4

Ntini Attorneys

(a) Subsidiary journals

Trust cash receipts journal for January 2018

TCRJ1

Date	Details	Fol	Trust creditors control	Bank
Jan			R	R
10	P Prince (Durable Plastics Ltd)	TC1	15 000	15 000
15	K King (Durable Plastics Ltd)	TC1	8 000	8 000
28	K King (Durable Plastics Ltd)	TC1	7 000	7 000
29	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank	TC2	23 300	23 300
			53 300	53 300
30	Dr Trust bank account / Cr Trust creditors control account		GL4	GL1

Trust cash payments journal for January 2018

TCPJ1

Date	Details	Fol	Trust creditors control	Bank
Jan			R	R
10	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank	TC2	15 000	15 000
11	Sheriff - Durable Plastics Ltd	TC1	200	200
15	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank	TC2	8 000	8 000
			23 200	23 200
30	Dr Trust creditors control account / Cr Trust bank account		GL4	GL1

SOLUTION: Question 4 (continued)**(a) Subsidiary journals** (continued)**Trust cash payments journal for January 2018** (continued)

TCPJ1

Date	Details	Fol	Trust creditors control	Bank
31	Business bank account (transfer) Durable Plastics Ltd v King and Prince Wholesalers Legal Practitioners Fidelity Fund	C TC1 TC3	27 035 15	3 250 27 035 15
			27 050	30 300
	Dr Trust creditors control account / Cr Trust bank account		GL4	GL1

General trust journal for January 2018

GTJ1

Date	Details	Fol	Debit	Credit
Jan 29	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank Durable Plastics Ltd (95%) Legal Practitioners Fidelity Fund (5%) Transfer of interest on investment to trust creditor and Fidelity Fund	TC2 TC1 TC3	R 300	R 285 15
			300	300
30	Dr Trust creditors control / Cr Trust creditors control account		GL4	GL4

Business cash receipts journal for January 2018

BCRJ1

Date	Details	Fol	Clients Control	Bank
Jan 31	Trust bank account	C	R	R 3 250
				3 250
	Dr Business bank account			GL2

Business cash payments journal for January 2018

BCPJ1

Date	Details	Fol	Clients Control	Bank
Jan 5	Mr Jackle (PI) - Durable Plastics Ltd / King and Prince Wholesalers	C1	R 400	R 400
			400	400
	Dr Clients control account / Cr Business bank account		GL3	GL2

Fees journal for January 2018

FJ1

Date	Details	Fol	Debit	Credit
Jan 30	Durable Plastics Ltd - King and Prince Wholesalers Fees Fees consist of the following: Receiving instruction R250 Letters of demand R100 Collection fees: P Prince (R15 000 x 10%) Limited to R1 000 K King (first instalment) (R8 000 x 10%) R800 K King (second instalment) (R7 000 x 10%) R700	C1	R 2 850	R 2 850
			2 850	2 850
	Dr Clients control account / Cr Fees account		GL3	GL5

SOLUTION: Question 4 (continued)

(a) Subsidiary journals (continued)

Transfer journal for January 2018

TJ1

Date	Details	Fol	Debit	Credit
Jan 31	Durable Plastics Ltd (trust creditor) Durable Plastics Ltd (client) Amount of trust funds to be deposited in the business bank account	TC1 C1	R 3 250	R 3 250
			3 250	3 250
	Dr Trust creditors control account / Cr Clients control account		GL4	GL3

(b) General ledger

Dr				Trust bank		GL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018 Jan 30	Receipts	TCRJ1	R 53 500	2018 Jan 30 31	Payments Payments	TCPJ1 TCPJ1	R 23 200 30 300	
			53 500				53 500	

Dr				Business bank		GL2		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018 Jan 31	Receipts	BCRJ1	R 3 250	2018 Jan 30 31	Payments Balance	BCPJ1 c/d	R 400 2 850	
			3 250				3 250	
Feb 1	Balance	b/d	2 850					

Dr				Clients control		GL3		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018 Jan 30	Fees Business bank	FJ1 BCPJ1	R 2 850 400	2018 Jan 31	Trust creditors control	TJ1	R 3 250	
			3 250				3 250	

Dr				Trust creditors control		GL4		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018 Jan 30 31	Trust bank Journal debits (interest) Clients control Trust bank	TCPJ1 GTJ1 TJ1 TCPJ1	R 23 200 300 3 250 27 050	2018 Jan 30	Trust bank Journal credits (interest)	TCRJ1 GTJ1	R 53 500 300	
			53 800				53 800	

Dr				Fees		GL5		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
			R	2018 Jan 30	Clients control	FJ1	R 2 850	
							2 850	

SOLUTION: Question 4 (continued)**(b) Client ledger**

Dr				Durable Plastics Ltd v King and Prince Wholesalers				C1	Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount		
2018			R	2018			R		
Jan 30	Mr Jackle (PI) Fees	BCPJ1 FJ1	400 2 850	Jan 30	Balance before transfer	c/d	3 250		
			3 250				3 250		
30	Balance before transfer	b/d	3 250	31	Transfer (Durable Plastics Ltd) (trust creditor)	TJ1	3 250		

(b) Trust creditors ledger

Dr				Durable Plastics Ltd v King and Prince Wholesalers				TC1	Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount		
2018			R	2018			R		
Jan 11	Trust bank (sheriff)	TCPJ1	200	Jan 10	Trust bank (P Prince)	TCRJ1	15 000		
30	Balance before transfer	c/d	30 085	15	Trust bank (K King)	TCRJ1	8 000		
				28	Trust bank (K King)	TCRJ1	7 000		
				29	Durable Plastics Ltd - Sec 86(4) Investment - SA Bank	GTJ1	285		
			30 285				30 285		
31	Transfer (Durable Plastics Ltd) (client)	TJ1	3 250	30	Balance before transfer	b/d	30 285		
	Trust bank	TCPJ1	27 035						
			30 285				30 285		

Dr				Durable Plastics Ltd - Sec 86(4) Investment - SA Bank				TC2	Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount		
2018			R	2018			R		
Jan 10	Trust bank (Durable Plastics Ltd)	TCPJ1	15 000	Jan 29	Trust bank (Durable Plastics Ltd)	TCRJ1	23 300		
15	Trust bank (Durable Plastics Ltd)	TCPJ1	8 000						
29	Durable Plastics Ltd / Fidelity fund	GTJ1	300						
			23 300				23 300		

Dr				Legal Practitioners Fidelity Fund				TC3	Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount		
2018			R	2018			R		
Jan 31	Trust bank	TCPJ1	15	Jan 29	Durable Plastics Ltd - Sec 86(4) Investment - SA Bank	TCJ1	15		

SOLUTION: Question 5

Nkosi Attorneys

(a) Account statement

Account statement Nkosi Attorneys		
Ntini Attorneys DURBAN		P.O. Box 12345 KOKSTAD 31 January 2018
	R	R
Collection - Durable Plastics Ltd v King and Prince Wholesalers		30 000
Interest received on Sec 86(4) Investment - SA Bank		300
Fees for receiving instruction	250	
Letters of demand	100	
Tracing fees - Mr Jackle (PI)	400	
Sheriff fee	200	
Collection fees: P Prince (R15 000 x 10%) Limited to	R1 000	
K King (first instalment) R8 000 x 10%	R800	
K King (second instalment) R7 000 x 10%	<u>R700</u>	
	<u>R2 500</u>	
Your 1/3 share of fees	2 500	950
Electronic transfer to yourselves	27 800	
	31 250	31 250

(b) (i) Subsidiary journals

Trust cash receipts journal for January 2018

TCRJ1

Date	Details	Fol	Trust creditors control	Bank
Jan			R	R
10	P Prince (Ntini Attorneys/Durable Plastics Ltd)	TCL1	15 000	15 000
15	K King (Ntini Attorneys/Durable Plastics Ltd)	TCL1	8 000	8 000
28	K King (Ntini Attorneys/Durable Plastics Ltd)	TCL1	7 000	7 000
29	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank	TCL2	23 300	23 300
			53 300	53 300
30	Dr Trust bank account / Cr Trust creditors control account		GL4	GL1

Trust cash payments journal for January 2018

TCPJ1

Date	Details	Fol	Trust creditors control	Bank
Jan			R	R
10	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank (Ntini Attorneys)	TCL2	15 000	15 000
11	Sheriff - Ntini Attorneys (Durable Plastics Ltd)	TCL1	200	200
15	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank (Ntini Attorneys)	TCL1	8 000	8 000
			23 200	23 200
30	Dr Trust creditors control account / Cr Trust bank account		GL4	GL1
31	Business bank account (transfer) Ntini Attorneys (Durable Plastics Ltd)	C TCL1	27 800	2 300 27 800
			27 800	30 100
	Dr Trust creditors control account / Cr Trust bank account		GL4	GL1

SOLUTION: Question 5 (continued)**(b) (i) Subsidiary journals** (continued)**General trust journal for January 2018****GTJ1**

Date	Details	Fol	Debit	Credit
Jan 29	Durable Plastics Ltd - Sec 86(4) trust investment - SA Bank (Ntini Attorneys) Ntini Attorneys (Durable Plastics Ltd) Transfer of interest on investment to instructing attorney	TCL2 TCL1	R 300	R 300
			300	300
30	Dr Trust creditors control / Cr Trust creditors control account		GL4	GL4

Business cash receipts journal for January 2018**BCRJ1**

Date	Details	Fol	Clients Control	Bank
Jan 31	Trust bank account (transfer) Dr Business bank account	TCRJ1	R 2 300	R 2 300
				GL2

Business cash payments journal for January 2018**BCPJ1**

Date	Details	Fol	Clients Control	Bank
Jan 5	Mr Jackle (PI) - Ntini Attorneys (Durable Plastics Ltd) Dr Clients control account / Cr Business bank account	CL1	R 400 400	R 400 400
			GL3	GL2

Fees journal for January 2018**FJ1**

Date	Details	Fol	Debit	Credit
Jan 30	Ntini Attorneys (client) Fees Total fees levied for Ntini Attorneys (Durable Plastics Ltd)	CL1	R 2 850	R 2 850
	Fees Ntini Attorneys (client) 1/3 share of fees Ntini Attorneys (Durable Plastics Ltd)	CL1	950	950
			1 900	1 900
	Dr Clients control account / Cr Fees account		GL3	GL5

Transfer journal for January 2018**TJ1**

Date	Details	Fol	Debit	Credit
Jan 31	Ntini Attorneys (trust creditor) Ntini Attorneys (client) Amount of trust funds to be deposited in the business bank account	TCL1 CL1	R 2 300	R 2 300
			2 300	2 300
	Dr Trust creditors control account / Cr Clients control account		GL4	GL3

SOLUTION: Question 5 (continued)

(b) (ii) General ledger

Dr				Trust bank				GL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 30	Receipts	TCRJ1	53 300	Jan 30	Payments	TCPJ1	23 200			
				31	Payments	TCPJ1	30 100			
			53 500				53 300			

Dr				Business bank				GL2		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 31	Receipts (transfer)	BCRJ1	2 300	Jan 30	Payments	BCPJ1	400			
				31	Balance	c/d	1 900			
			2 300				2 300			
Feb 1	Balance	b/d	1 900							

Dr				Clients control				GL3		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 3	Business bank	BCPJ1	400	Jan 31	Trust creditors control	TJ1	2 300			
30	Fees	FJ1	1 900							
			2 300				2 300			

Dr				Trust creditors control				GL4		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 30	Trust bank	TCPJ1	23 200	Jan 30	Trust bank	TCRJ1	53 300			
	Journal debits (interest)	GTJ1	300		Journal credits (interest)	GTJ1	300			
31	Clients control	TJ1	2 300							
	Trust bank	TCPJ1	27 800							
			53 600				53 600			

Dr				Fees				GL5		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
			R	2018			R			
				Jan 30	Clients control	FJ1	1 900			
							1 900			

(b) (ii) Client ledger

Dr				Ntini Attorneys (Durable Plastics Ltd)				CL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 30	Mr Jackle (PI)	BCPJ1	400	Jan 30	Fees (1/3 allowance)	FJ1	950			
	Fees	FJ1	2 850		Balance before transfer	c/d	2 300			
			3 250				3 250			
30	Balance before transfer	b/d	2 300	31	Transfer (Ntini Attorneys) (trust creditor)	TJ1	2 300			

SOLUTION: Question 5 (continued)**(b) (ii) Trust creditors ledger**

Dr				Ntini Attorneys (Durable Plastics Ltd)				TCL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 11	Sheriff (Durable Plastics Ltd)	TCPJ1	200	Jan 10	Trust bank (P Prince)	TCRJ1	15 000			
30	Balance before transfer	c/d	30 100	15	Trust bank (K King)	TCRJ1	8 000			
				28	Trust bank (K King)	TCRJ1	7 000			
				29	Ntini Attorneys (Durable Plastics Ltd) - Sec 86(4) Investment - SA Bank	GTJ1	300			
			30 300				30 300			
31	Transfer (Ntini Attorneys) (client) Trust bank	TJ1 TCPJ1	2 300 27 800	30	Balance before transfer	b/d	30 100			
			30 100				30 100			

Dr				Ntini Attorneys (Durable Plastics Ltd) - Sec 86(4) Investment - SA Bank				TCL2		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 10	Trust bank - Ntini Attorneys (Durable Plastics Ltd)	TCPJ1	15 000	Jan 29	Trust bank - Ntini Attorneys (Durable Plastics Ltd)	TCRJ1	23 300			
15	Trust bank - Ntini Attorneys (Durable Plastics Ltd)	TCPJ1	8 000							
29	Ntini Attorneys (Durable Plastics Ltd)	TJ1	300							
			23 300				23 300			

SOLUTION: Question 6**Ntini Attorneys****(a) Subsidiary journals****Trust cash receipts journal for January 2018****TCRJ1**

Date	Details	Fol	Trust creditors control	Bank
Jan 31	Nkosi Attorneys (Durable Plastics Ltd v King and Prince Wholesalers)	TCL1	R	R
			27 800	27 800
	Dr Trust bank account / Cr Trust creditors control account		27 800	27 800
			GL4	GL1

Trust cash payments journal for January 2018**TCPJ1**

Date	Details	Fol	Trust creditors control	Bank
Jan 31	Business bank account (transfer)	C	R	R
				950
	Cr Trust bank account			950
				GL1

SOLUTION: Question 6 (continued)**(a) Subsidiary journals** (continued)**Trust cash payments journal for January 2018** (continued)

TCPJ1

Date	Details	Fol	Trust creditors control	Bank
	Durable Plastics Ltd	TCL2	26 835	26 835
	Legal Practitioners Fidelity Fund	TCL3	15	15
			26 850	26 850
	Dr Trust creditors control account / Cr Trust bank account		GL4	GL1

Business cash receipts journal for January 2018

BCRJ1

Date	Details	Fol	Clients Control	Bank
Jan 31	Trust bank account (transfer)	C	R	R
				950
				950
	Dr Business bank account			GL2

General trust journal for January 2018

GTJ1

Date	Details	Fol	Debit	Credit
Jan 31	Nkosi Attorneys (trust creditor)	TCL1	R	R
	Durable Plastics Ltd (trust creditor)	TCL2	30 000	30 000
	Amount recovered from King and Prince Wholesalers			
	Durable Plastics Ltd (trust creditor)	TCL2	3 450	
	Nkosi Attorneys (trust creditor)	TCL1		3 450
	Expenses incurred by Nkosi Attorneys on behalf of Durable Plastics Ltd (R250 + R100 + R400 + R200 + R2 500)			
31	Nkosi Attorneys (trust creditor)	TCL1	300	
	Durable Plastics Ltd (trust creditor) (95%)	TCL2		285
	Legal Practitioners Fidelity Fund (trust creditor) (5%)	TCL3		15
	Transfer of interest on Sec 86(4) investment to trust creditors		33 750	33 750
	Dr Trust creditors control / Cr Trust creditors control account		GL4	GL4

Fees journal for January 2018

FJ1

Date	Details	Fol	Debit	Credit
Jan 31	Nkosi Attorneys (client)	CL1	R	R
	Fees		950	950
	1/3 of fees			
			950	980
	Dr Clients control account / Cr Fees account		GL3	GL5

Transfer journal for January 2018

TJ1

Date	Details	Fol	Debit	Credit
Jan 31	Nkosi Attorneys (trust creditor)	TCL1	R	R
	Nkosi Attorneys (client)	CL1	950	950
	Amount of trust funds to be deposited in the business bank account			
			950	950
	Dr Trust creditors control account / Cr Clients control account		GL4	GL3

SOLUTION: Question 6 (continued)**(b) General ledger**

Dr				Trust bank				GL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 31	Receipts	TCRJ1	27 800	Jan 31	Payments (transfer)	TCPJ1	950			
					Payments	TCPJ1	26 850			
			27 800				27 800			

Dr				Business bank				GL2		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R							
Jan 31	Receipts	BCRJ1	950							

Dr				Clients control				GL3		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 31	Fees	FJ1	950	Jan 31	Nkosi Attorneys (trust creditor) (transfer)	TJ1	950			
			950				950			

Dr				Trust creditors control				GL4		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 31	Trust journal debits	GTJ1	33 750	Jan 31	Trust bank	TCRJ1	27 800			
	Nkosi Attorneys (transfer)	TJ1	950		Trust journal credits	GTJ1	33 750			
	Payments	TCPJ1	26 850							
			61 550				61 550			

Dr				Fees				GL5		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
			R	2018			R			
				Jan 31	Clients control	FJ1	950			
							950			

(b) Client ledger

Dr				Nkosi Attorneys				CL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount			
2018			R	2018			R			
Jan 31	Fees	FJ1	950	Jan 31	Nkosi Attorneys (trust creditor) (transfer)	TJ1	950			
			950				950			

SOLUTION: Question 6 (continued)

(b) Trust creditors ledger

Dr				Nkosi Attorneys		TCL1		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018			R	2018			R	
Jan 31	Durable Plastics Ltd (collections)	GTJ1	30 000	Jan 31	Trust bank	TCRJ1	27 800	
	Durable Plastics Ltd and Fidelity Fund (interest)	GTJ1	300		Durable Plastics Ltd (expenses)	GTJ1	3 450	
	Balance before transfer	c/d	950					
			31 250				31 250	
31	Nkosi Attorneys (client) (transfer)	TJ1	950	31	Balance before transfer	b/d	950	

Dr				Durable Plastics Ltd		TCL2		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018			R	2018			R	
Jan 31	Nkosi Attorneys (expenses)	GTJ1	3 450	Jan 31	Nkosi Attorneys (collections)	GTJ1	30 000	
	Payments	TCPJ1	26 835		Nkosi Attorneys (Sec 86(4) - Interest)	GTJ1	285	
			30 285				30 285	

Dr				Legal Practitioners Fidelity Fund		TCL3		Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	
2018			R	2018			R	
Jan 31	Payments	TCPJ1	15	Jan 31	Nkosi Attorneys (Sec 86(4) - Interest)	GTJ1	15	