

**BOOKKEEPING / BOEKHOU**  
**18 AUGUST 1999 / 18 AUGUSTUS 1999**

**PART 4/DEEL 4**  
**ANSWERS/ANTWOORDE**

**NOTE TO EXAMINER:** *This guideline records the views of the drafters. There may be justifiable variations in practice which are brought out in the answers. When this happens the examiner should apply his discretion in marking the answer.*

**QUESTION 1**

[70]

Trust Bank Book

1999				1			
July	1	Balance	150 000	July	1	Stockbroker - ABSA shares	
		ABSA Investment	55 000			Mrs Jones	50 000
	2	Mr Clark	100 000		2	ABSA Bank	75 000
	4	ABC Company	50 000		4	NBS Investment	50 000
	6	ABSA Bank	76 000		6	Investec Bank	100 000
	6	Mr Clark	2 000		14	Correspondent	38 955
	12	XYZ	40 000			Transfer to Business	1 045
	20	Investec	105 020		15	Transfer Duty	2 000
	22	Mr Crook	5 000			Seller	100 000
	30	Stockbroker	56 000		20	Clark	20
						Transfer to Business	5 000
					22	Transfer to Business	4 500
						Balance	<u>212 500</u>
			<u>639 020</u>				<u>639 020</u>

Business Cash Book

1999				1999			
July	14	Transfer ex Trust	1 045	July	1	Balance	28 000
	20	Transfer ex Trust	5 000		5	Counsel - ABC	10 000
	22	Transfer ex Trust	4 500		8	Sheriff	375
	27	Staff loan - interest	100		22	Bail - Crook	3 000
		Balance	45 230		24	Wesbank - office equipment	1 500
						Wesbank - vehicle	2 000
						Wesbank - bond	5 000
					27	Loan - staff	5 000
					30	Law Society	<u>1 000</u>
			<u>55 875</u>				<u>55 875</u>

Journal Entries

1999 July 8	Correspondent (B) Fees Revenue stamps Fees and disbursements (2½) OK Bazaars vs XYZ Tyre Co.	570	00	500	70	00	00
	Fees Correspondent (B) 20% allowance on fees (2)	100	00	100			00
14	Correspondent (B) Fees (2) Coll - Commission	250	00	250			00
	Fees Correspondent (B) Fees & 20% allowance (2) OK Bazaars vs XYZ Tyre Co.	50	00	50			00
	Correspondent (T) Correspondent (B) (2) Transfer fees & disbursement	1 045	00	1 045			00
20	Clark (B) Fees Fees in respect of property transfer (2)	5 000	00	5 000			00
	Clark (T) Clark (B) Transfer fees (2)	5 000	00	5 000			00
1999 July 22	Mr Crook (B) Fees Fees re bail application (2)	1 500	00	1 500			00

Mr Crook (T)		4 500	00		
Mr Crook (B)				4 500	00
Transfer fees & disbursement	(2)				

Trust Ledger Accounts

ABSA - Trust Investment - Mrs Investor - Section 78 (2A)

1999				1999		
July	1	Balance	100 000	July	1	Bank
						50 000

Mrs Jones (T)

1999				1999		
July	1	ABSA shares	50 000	July	1	Balance
						100 000
						Interest ABSA
						5 000
					30	Stockbroker
						56 000

Mr Clark (T)

1999				1999		
July	15	Transfer duty	2 000	July	2	Bank
						100 000
	20	Paid seller	100 000		6	Bank costs
						2 000
		Paid self	20		20	Investec - Interest
						5 020
		Transfer to Business	<u>5 000</u>			
			<u>107 020</u>			<u>107 020</u>

ABSA - Trust Investment - Section 78 (2)(a)

1999				1999		
July	2	Bank	<u>75 000</u>	July	6	Bank
						<u>75 000</u>

ABC Company (T)

				1999		
				July	4	Bank
						50 000

Fidelity Fund

				1999		
				July	6	Interest ABSA
						1 000

NBS - Trust Investment - Section 78 (2A) - ABC

1999			
July	4	Bank	50 000

Investec Trust Investment - Section 78 (2A) - Mr Clark

1999				1999			
July	6	Bank	<u>100 000</u>	July	20	Bank	<u>100 000</u>

Correspondent (T)

1999				1999			
July	14	Paid Self Transfer to Business	38 955 <u>1 045</u>	July	12	Bank XYZ	40 000

Mr Crook (T)

1999				1999			
July	22	Transfer to Business	4 500	July	22	Bank	5 000

Business Ledger Accounts

ABC (B)

1999			
July	5	Paid Counsel (This entry could also be debited to counsel account)	10 000

Correspondent (B)

1999				1999			
July	8	Fees & disbursement	570	July	8	20% allowance	100
		Paid Sheriff	375		14	20% allowance	50
	14	Call commission	<u>250</u>			Transfer ex Trust	<u>1 045</u>
			<u>1 195</u>				<u>1 195</u>

Fees

1999				1999			
July	8	20% Allowance	100	July	8	Correspondent	500
	14	20% Allowance	50		14	Correspondent	250
					20	Clark	5 000
					22	Crook	1 500

Revenue Stamps

	1999
	July 8 Correspondent 70

Mr Clark(B)

1999	1999
July 20 Fees	July 20 Transfer ex Trust
<u>5 000</u>	<u>5 000</u>

Mr Crook (B)

1999	1999
July 22 Bank - Bail	July 22 Transfer ex Trust
	4 500
<u>3 000</u>	<u>      </u>
<u>1 500</u>	<u>      </u>

Lease Office Equipment

1999	
July 24 Wesbank	1 500

Lease Motor Vehicle

1999	
July 24 Wesbank	2 000

Drawings

1999	
July 24 Wesbank - bond	5 000

Staff Loan - Secretary

1999	
July 27 Bank	5 000

Interest received

	1999
	July 27 Staff loan 100

Subscriptions

1999 July 30	Law Society	1 000
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**QUESTION 2** **[4]**

- 2.1 Business account (1)
- 2.2 Trust account (1)
- 2.3 Estate account (1)
- 2.4 Business account (1)

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**QUESTION 3** **[12]**

- 3.1 (a) The trust creditor can not claim against the bank as it is not the banks customer. (1)
- (b) No. This loss is not covered by the Fidelity Fund. (1)
- (c) The attorney is liable to make good any trust shortfall. If the bank goes insolvent, he would be liable to repay all monies due to trust creditors. (6)
- 3.2 He could claim as a concurrent creditor in the insolvent estate of the bank. (2)
- 3.3 Immediately report the deficit to the Law Society and thereafter transfer monies from business to cover deficit. (2)
- 3.4 The limits are:  
No supervision or inadequate supervision. (2)

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**QUESTION 4** **[14]**

- 4.1 Monthly. (1)
- 4.2 At intervals of not more than 3 calendar months. (2)
- 4.3 On the first banking day following receipt of trust monies. (2)

- 4.4 Once each calendar year or at such other time as the Council may require. (2)
- 4.5 Within six months after the annual closing of the accounting records of the firm concerned or at such other times as the Council may require. (3)
- 4.6 Once the account is opened, and without delay. (1)
- 4.7 For 5 years and at the head office of the firm. (3)