

**BOOKKEEPING / BOEKHOU
FEBRUARY / FEBRUARIE 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 Cash Book - January 1999

1999				1999			
Jan	1	Balance	150 000,00 (½)	Jan	3	Cheque stopped X	20 000,00 (½)
	3	Cash X	20 000,00 (½)		4	Receiver of Revenue	
		Cash X Costs	7 000,00 (½)			Transfer duty	3 000,00 (½)
	5	Mrs D	1 000,00 (½)		10	Mrs F	1 030,00 (½)
	7	Cheque written back-A	15 000,00 (½)			Transfer to Business	170,00 (½)
	8	Mr E - Account Mrs F	1 200,00 (½)		14	Mr E - dishonoured	1 200,00 (½)
	14	Transfer ex Business	1 200,00 (½)		15	Sheriff - Mrs D	200,00 (½)
	18	Correspondent	49 633,00 (½)		16	Mrs D	388,00 (½)
						Transfer to Business	412,00 (½)
						Mr S	20 000,00 (½)
						Transfer to Business	4 000,00 (½)
					18	Transfer to Business	183,00 (½)
					31	Balance	<u>194 450,00</u>
			<u>245 033,00</u>				<u>245 033,00</u>

Business Cash Book - January 1999

1999				1999			
Jan	1	Balance	10 000,00 (½)	Jan	14	Transfer to Trust	1 200,00 (½)
	9	Mr G	3 420,00 (½)		30	Salaries	20 000,00 (½)
	10	Transfer ex Trust	170,00 (½)				
	16	Transfer ex	412,00 (½)				
		Transfer ex	4 000,00 (½)				
	18	Transfer ex	183,00 (½)				
	20	Mr E	1 200,00 (½)				
	31	Balance	<u>1 815,00</u>				
			<u>21 200,00</u>				<u>21 200,00</u>

Journal entries

1999							
Jan	5	Mrs D (B)	(½)	70	00		
		Petty cash	(½)			70	00
		Revenue stamps issued	(1)				

		Mrs D (B)		342	00		
		Fees	(2½)			300	00
		VAT - output				42	00
		Fees for summons					

	8	Mrs F (B)		170	00		
		Fees	(2)			170	00
		Letter of demand and collection fees					

	9	Ms C (B)		3 420	00		
		Fees	(2½)			3 000	00
		VAT - output				420	00
		Criminal matter fee					

10	Mrs F (T)		170	00		
	Mrs F (B)	(2)			170	00
	Transfer fees					

14	Mrs F (B)		1 200	00		
	Mrs F (T)	(2)			1 200	00
	Reverse transfer - RD cheque					

	Fees		120	00		
	Mrs F	(2)			120	00
	Reversing collection commission					

Jan	16	Mrs D (T)		412	00	
		Mrs D (B)	(2)		412	00
		Transfer fees & disbursements				

	Mr X (B)		4 000	00		
	Fees	(2)			4 000	00
	Fees in respect of Property Transfer					

	Mr X (T)		4 000	00		
	Mr X (B)	(2)			4 000	00
	Transfer fees					

18	Correspondent (T)		50 000	00		
	Black (T)	(2)			50 000	00
	Transfer cash collected ex Green					

	Black (T)		550	00		
	Correspondent (T)	(2)			550	00
	Correspondent fees & disbursements					

Correspondent (B) Fees 1/3 Allowance Black vs Green	(2)	183	00	183	00
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Correspondent (T) Correspondent (B) Transfer 1/3 allowance	(2)	183	00	183	00
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Jan 20 Mrs F (B) Fees Collection Commission		120	00	120	00
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Business Ledger accounts

Mrs D (B)

1999				1999		
Jan	5	Revenue stamps Fees & VAT	70,00 (½) <u>342,00 (½)</u>	Jan	16	Transfer ex Trust <u>412,00 (½)</u>

Fees

1999				1999		
Jan	14	Coll Commission	120,00 (½)	Jan	5	Mrs Divorce 300,00 (½)
					8	Mrs Creditor 170,00 (½)
					9	Mr Criminal 3 000,00 (½)
					16	Mrs X 4 000,00 (½)
					18	Correspondent 183,00 (½)
					20	Mrs Creditor 120,00 (½)

VAT Output

				1999		
				Jan	5	Mrs Divorce 42,00 (½)
					9	Mr Criminal 420,00 (½)

Mrs F (B)

1999				1999			
Jan	8	Letter of demand and collection fees	<u>170,00</u> (½)	Jan	10	Transfer ex Trust	<u>170,00</u> (½)
	14	RD Cheque - Trust	1 200,00 (½)		14	Collection comm	120,00 (½)
	20	Collection commission	<u>120,00</u> (½)		20	Debtor - cash	<u>1 200,00</u> (½)

Petty Cash

				1999			
	Jan	5	Mrs D				70,00 (½)

Mr G (B)

1999				1999			
Jan	9	Fees & VAT	3 420,00 (½)	Jan	9	Bank self	3 420,00 (½)

Mr X (B)

1999				1999			
Jan	16	Fees - Transfer	4 000,00 (½)	Jan	16	Transfer ex Trust	4 000,00 (½)

Correspondent (B)

1999				1999			
Jan	18	Allowance	183,00 (½)	Jan	18	Transfer ex Trust	183,00 (½)

Salaries

1999							
Jan	30	Bank	20 000,00 (½)				

Trust Ledger Accounts

Mr X (T)

1999				1999			
Jan	3	Cheque stopped	20 000,00 (½)	Jan	1	Balance	20 000,00 (½)
	4	Transfer duty	3 000,00 (½)		3	Cash - self	20 000,00 (½)
	16	Paid Mr S	20 000,00 (½)			Cash - costs	7 000,00 (½)
		Transfer to Business	<u>4 000,00 (½)</u>				
			<u>47 000,00</u>				<u>47 000,00</u>

Mrs D (T)

1999				1999			
Jan	15	Paid Sheriff	200,00 (½)	Jan	5	Deposit - self	1 000,00 (½)
		Paid - self	388,00 (½)				
		Transfer to Business	<u>412,00 (½)</u>				
			<u>1 000,00</u>				<u>1 000,00</u>

Client A (T)

1999			
Jan	7	Cheque written back	15 000,00 (½)

Mrs F (T)

1999				1999			
Jan	10	Transfer to Business	170,00 (½)	Jan	8	Mr E	1 200,00 (½)
		Paid self	<u>1 030,00 (½)</u>				
	14	RD Cheque	<u>1 200,00 (½)</u>		14	Transfer to Business	<u>1 200,00 (½)</u>

Correspondent (T)

1999				1999			
Jan	18	Black	50 000,00 (½)	Jan	18	Cash	49 633,00 (½)
		Transfer to Business	<u>183,00 (½)</u>			Black	<u>550,00 (½)</u>

Black (T)			
1999			1999
Jan	18	Correspondent - F & D	550,00 (½)
Jan	18	Correspondent - Green	50 000,00 (½)

MARKING INSTRUCTIONS: All cash book, journal and ledger entries carry a half mark. Journal now obvious carry an additional mark with a discretionary five marks to be awarded for neatness, layout and account identification.

QUESTION 2 **[10]**

- 2.1 (a) Issue business cheque made payable to cash, and uncrossed. (3)
(b) Transfer journal entry: debit clients trust account, credit clients business account. (2)
(c) Issue trust cheque and pay into business account. (2)
- 2.2 (a) Yes. (1)
(b) No. (1)
(c) No. (1)

QUESTION 3 **[20]**

Reconciliation procedure

- (a) Mark off all the deposits and other receipt entries shown in the cash book against those shown on the bank statement and isolate the outstanding deposits.
- (b) Mark off all the cheques and other payment entries in the cash book against those shown on the bank statement and isolate the outstanding cheques.
- (c) Mark off any deposits or cheques relating to previous periods appearing on the bank statement against the previous period's reconciliation statement.

- (d) Identify any bank errors for rectification. Such errors will not be recorded in the cash book but will be reflected on the reconciliation statement each month until rectified by the bank.
- (e) Enter any direct deposit, interest, unpaid cheques etc which appear on the bank statement, but not in the cash book, and then establish the cash book balance.
- (f) Reconcile the cash book balance with the balance as shown on the bank statement.