

BOOKKEEPING / BOEKHOU
16 AUGUST 2000 / 16 AUGUSTUS 2000

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

[30]

- 1.1 (a) Money held or received on account of client; (1)
Money for replacement of any such monies which may by error have been drawn from your Trust Account; (1)
A cheque or a bank guarantee received in lieu of payment of Trust and Business monies; (1)
Deposit on account of fees and disbursements. (1) (4)
- (b) Money required for payment to or on behalf of a client or towards payment of a debt due to an attorney from a client; (1)
Money drawn on a client's mandate; (½)
Money due to an attorney; (½)
Money paid into the Trust Account in error; (1)
Deposit for fees and disbursements once such services are rendered. (1) (4)
- 1.2 The attorney must carry out a detailed comparison of all client's Trust credit balances (2) with the client's Business debit balances (1) and transfer those amounts representing debit balances in business (2) provided there are Trust credit balances to cover such debit balances. (2) (7)
- 1.3 The attorney examines his/her Trust Creditors (1) and determines which credit balances are not required for payment (1) immediately or in the immediate future. Those amounts which are not so required will be available for investments in terms of Section 78(2)(a). (1) (3)

- 1.4 (a) Trust Cash Book (1)
 Business Cash Book (1)
 Trust Journal (1)
 Business Journal (1) (4)
- (b) Trust and Business Cash Books used for recording all cash transactions (receipts and payments). (2)
 Trust and Business Journals are used to record all non cash transactions, and transfers. (2) (4)
- 1.5 Every 3 months. (2)
- 1.6 5 Years. (2)

QUESTION 2

[30]

NOTE TO EXAMINER

One mark must be given for each entry. Total of entries = 30.

TRUST CASH BOOK

Correspondent	2 358	Currie	1 608
		Ngwenya	579
		Business Account	171
	<u>2 358</u>		<u>2 358</u>

CORRESPONDENT (T)

Clients - collections	3 400	Bank	2 358
Transfer to Business	171	Clients - fees and disbursements	1 213
	<u>3 571</u>		<u>3 571</u>

CURRIE (T)

Correspondent fees & disbursements	892	Correspondent - Rice	2 500
Bank self	1 608		
	<u>2 500</u>		<u>2 500</u>

NGWENYA (T)

Correspondent fees & disbursements	321	Correspondent - Nsomi	900
Bank self	<u>579</u>		
	<u>900</u>		<u>900</u>

CORRESPONDENT (B)

Allowances	<u>171</u>	Transfer ex Trust	<u>171</u>
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TRUST JOURNAL

Correspondent (T)	3 400	
Currie (T)		2 500
Ngwenya (T)		900
Transfer cash collected from debtors		
Currie (T)	892	
Ngwenya (T)	321	
Correspondent		1213
Transfer correspondent's gross fees and disbursements		

FEES JOURNAL

Correspondent (B)	171	
Fees		150
Output VAT		21
Correspondents allowances		

TRANSFER JOURNAL

Correspondent (T)	171	
Correspondent (B)		171
Transfer allowances		

FEES

	Correspondent allowances	150
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OUTPUT VAT

	Correspondent	21
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BUSINESS CASH BOOK

Transfer ex trust	171
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QUESTION 3

[40]

NOTE TO EXAMINER

One mark must be given for each entry. Total of entries = 37. 3 marks must be given for general presentation.

TRUST CASH BOOK

Kennedy		Building Soc. Investment	100 000
- Deposit	100 000	Receiver of Rev.	
- Costs	12 000	Transfer duty	6 800
- Compromise offer	62 000	Building Soc. Investment	45 000
- Divorce	12 500	Advocate - Kennedy	1 200
Dreyer - Kennedy	900	Building Soc. Investment	10 000
Building Society	101 500	Transfer to Business	570
	<u>288 900</u>	Balance	<u>125 330</u>
			<u>288 900</u>

MRS KENNEDY - TRUST ACCOUNT - HOUSE PURCHASE

Receiver of Rev.		Deposit received	100 000
transfer duty	6 800	Deposit for costs	12 000
Balance	<u>106 700</u>	Interest on investment	<u>1 500</u>
	<u>113 500</u>		<u>113 500</u>

TRUST INVESTMENT - KENNEDY - SECTION 78(2A)

Building Society	100 000	Building Society withdrawn	100 000
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MRS KENNEDY - TRUST ACCOUNT - COMPROMISE OFFER

		Cash - self	62 000
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TRUST INVESTMENT - SECTION 78(2)(a)

Building Society	45 000		
Building Society	10 000		

FEES JOURNAL

Mrs Kennedy Divorce (B)	570	
Fees		500
VAT Output		70
Interim divorce fee		
Mrs Kennedy Divorce (T)	570	
Mrs Kennedy Divorce (B)		570
Transfer fees and disbursements		

MRS KENNEDY - TRUST ACCOUNT - DIVORCE

Paid to Advocate	1 200	Deposit	12 500
Transfer to Business	570		
Balance	<u>10 730</u>		
	<u>12 500</u>		<u>12 500</u>
		Balance	<u>10 730</u>

MRS KENNEDY - BUSINESS ACCOUNT - DIVORCE

Interim fee	<u>570</u>	Transfer ex Trust	<u>570</u>
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FEES

		Kennedy divorce	500
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BUSINESS BANK BOOK

Transfer ex trust	570		
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VAT - OUTPUT

		Kennedy - divorce	70
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