

**BOOKKEEPING / BOEKHOU
FEBRUARY / FEBRUARIE 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 1.1.1 Input VAT is the tax paid by the practitioner when purchasing taxable supplies from a registered VAT vendor. (2)
- 1.1.2 Output VAT is the tax charged by a practitioner for all services rendered to clients. (2)
- 1.2 VAT vendor - When the fee income for a 12 month period exceeds R150 000. (2)
- 1.3 The following details must appear on a trust receipt:
1. It shall be pre-numbered;
 2. It must be at least in duplicate;
 3. Date of receipt;
 4. Amount in words and figures;
 5. From whom received, For whose credit, Identification of transaction;
 6. Indicate that it is trust;
 7. Whether received in cash or cheque. (8)
- 1.4 The following details must appear on the counterfoil of a trust cheque which has been issued:
- (a) Date;
 - (b) For whose account;
 - (c) Nature of transaction;
 - (d) Amount; and
 - (e) Folio reference. (6)
- 1.5 1.5.1 You will deposit the payment in your Trust Account. (2)

1.5.2 You will account for the entire payment to your client as your client has already paid you your attorney/client account in the matter. (3)

1.6 Trust Reconciliation is a list of all Trust Creditors balances in the Trust ledger which are reconciled with the balances available in the Trust Banking Account and trust investment accounts. (78(2A) and (2)(a)). (5)

QUESTION 2

[40]

FEES JOURNAL

Correspondent (B) - Enver vs Cassim - Romeo vs Juliet Fees Instruction fees	60 60	120
Fees Correspondent - Enver vs Cassim - Romeo vs Juliet 20% allowance on fees	24	12 12
Correspondent (B) - Enver vs Cassim - Romeo vs Juliet Fees Collection fees	200 100	300
Fees Correspondent (B) - Enver vs Cassim - Romeo vs Juliet 20% allowance on fees	60	40 20
Correspondent (B) - Romeo vs Juliet - Fees Letter of demand and summons fees	200	200
Fees Correspondent (B) - Romeo vs Juliet 20% allowance on fees	40	40

TRANSFER JOURNAL

Correspondent (T)		
- Enver vs Cassim	408	
- Romeo vs Juliet	288	
Correspondent (B)		
- Enver vs Cassim		408
- Romeo vs Juliet		288
Transfer fees & disbursements		

ACCOUNTING STATEMENT TO CORRESPONDENT

Enver vs Cassim		
Cash collected		2 000
Instruction fee	60	12
Tracing agent	200	
Collection fee	200	
Romeo vs Juliet		
Cash collected		1 000
Instruction fee	60	12
Letter of demand & summons fee	200	40
Collection fee	100	20
Cheque herewith	2 304	
	3 124	3 124

Business cash book

Transfer ex trust	696	Tracing agent	200
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Fees

20% allowance	24	Correspondent	120
20% allowance	60	Correspondent	300
20% allowanxw	40	Correspondent	200

Trust cash book

Cassim	2 000	Correspondent	2 304
Romeo	<u>1 000</u>	Transfer to business	<u>696</u>
	<u>3 000</u>		<u>3 000</u>

Correspondent (T) - Enver vs Cassim

Bank self	1 592	Bank	2 000
Transfer to business	<u>408</u>		<u> </u>

Correspondent (T) - Romeo vs Juliet

Bank self	712	Bank	1 000
Transfer to business	<u>288</u>		<u> </u>

Correspondent (B) - Enver vs Cassim

Instruction fee	60	20% allowance	12
Tracing agent	200	20% allowance	40
Collection fee	<u>200</u>	Transfer ex trust	<u>408</u>
	<u>460</u>		<u>460</u>

Correspondent (B) - Romeo vs Juliet

Instruction fee	60	20% allowance	12
Collection fee	100	20% allowance	20
Letter of demand & summons fee	200	20% allowance	40
	<u> </u>	Transfer ex trust	<u>288</u>
	<u>360</u>		<u>360</u>

QUESTION 3

[30]

FEBRUARY 2000
TRUST CASH BOOK

2000		2000			
1/2	Balance bf	100 000	8/2	Unpaid cheque - Hawk	50 500
4/2	Deposit - Hawk	150 000	15/2	Transfer to business	51 000
	Costs - Hawk	50 500		Eagle	749 500
9/2	Redeposit - Hawk	50 500			
15/2	Building Society:				
	Eagle	<u>500 000</u>			
		<u>851 000</u>			<u>851 000</u>

BUSINESS CASH BOOK

2000		2000			
15/2	Transfer from trust	51 000	5/2	Receiver of Revenue	35 000
				Transfer duty Eagle	

HAWK - TRUST ACCOUNT - PURCHASE PROPERTY EX EAGLE

2000			2000		
8/2	Unpaid cheque	50 500	4/2	Cash - Deposit	150 000
15/2	Transfer to Eagle	150 000		Costs	50 500
	Transfer to business	<u>50 500</u>	9/2	Redeposit	<u>50 500</u>
		<u>251 000</u>			<u>251 000</u>

EAGLE - TRUST ACCOUNT - SALE PROPERTY TO HAWK

2000			2000		
15/2	Transfer to business	500	15/2	Building Society Bond	500 000
	Paid self	<u>749 500</u>		Balance - Proceeds Sale	<u>250 000</u>
		<u>750 000</u>			<u>750 000</u>

OWL - TRUST ACCOUNT

2000			2000		
15/2	Transfer : Eagle	<u>100 000</u>	1/2	Balance b/f	<u>100 000</u>

FEES

			2000		
			15/2	Agreement	1 000
				Bond	15 000

HAWK - BUSINESS ACCOUNT - PURCHASE PROPERTY EX EAGLE

2000			2000		
5/2	Receiver of Revenue: transfer duty	35 000	15/2	Transfer from trust	50 500
15/2	Fees for agreement	500			
	Fees: Transfer bond	<u>15 000</u>			
		<u>50 500</u>			<u>50 500</u>

EAGLE - BUSINESS ACCOUNT - SALE PROPERTY TO HAWK

2000			2000		
15/2	Fees: Agreement	<u>500</u>	15/2	Transfer ex trust	<u>500</u>

TRUST JOURNAL

15/2/2000	Owl Hawk To Eagle	100 000 150 000	250 000
Transfer second bond and deposit sale of property Eagle to Hawk			

FEES JOURNAL

15/2/2000	Hawk To fees	15 000	15 000
Transfer and bond due on registration of transfer ex Eagle			
15/2/2000	Hawk Eagle To fees	500 500	1 000
Fees: drawing agreement sale Hawk/Eagle			

TRANSFER JOURNAL

15/2/2000	Hawk Trust Account To Hawk Business Account Eagle Trust Account To Eagle Business Account	50 500 500	50 500 500
Transfer fees and disbursements			