

**ADMISSION EXAMINATION / TOELATINGSEKSAMEN  
BOOKKEEPING / BOEKHOUD  
PART 4 / DEEL 4**

**18 FEBRUARY / 18 FEBRUARIE 2009**

**ANSWERS/ANTWOORDE**

**PLEASE NOTE THAT THE GUIDELINE ANSWERS TO PREVIOUS PAPERS MAY NOT BE A CORRECT REFLECTION OF THE LAW AND/OR PRACTICE AT THE MOMENT OF READING.**

**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**

**[15]**

1.1

Supplementary Cash Book – February 2008			
			(1)
Balance	90 633(1)	Error Cheque	1 205(1)
Error cheque	1 250(1)	Rd Cheque	2 186(1)
		Balance	88 492(1)
	91 883		91 883
			(6)

1.2

Bank Reconciliation Statement – February 2008			
			(1)
Balance as per Bank Statement			83 282(1)
<u>Less</u> Outstanding cheques	287	500(1)	
	298	2 929(1)	3 429(1)
			79 853(1)
Add <u>Outstanding deposit</u>			8 639(1)
Balance as per Cash Book			88 492(1)
			(+1)
			(9)

**QUESTION 2**

**[35]**

Correspondent (B)	684.00	
Fees		600.00
Output VAT		84.00
Instruction fees ABC/Ben Smith		
Fees	200.00	
Output VAT	28.00	
Correspondence (B)		228.00
1/3 Allowance ABC/Ben Smith		
Correspondent (B)	205.20	
Fees		180.00
Output VAT		25.20
Summons fees ABC/Ben Smith		
Fees	60.00	
Output VAT	8.40	
Correspondent (B)		68.40
1/3 Allowance ABC/Ben Smith		

Correspondent (B)	342.00	
Fees		300.00
Output VAT		42.00
Collection commission ABC/Ben Smith		
Fees	100.00	
Output VAT	14.00	
Correspondent (B)		114.00
1/3 Allowance ABC/Ben Smith		
Correspondent (T)	1 120.80	
Correspondent (B)		1 120.80
Transfer fees and disbursements ABC/Ben Smith		

**Business cash book**

Trust account	1 120.80	Tracing agent	300.00
---------------	----------	---------------	--------

**Correspondent (B)**

Instruction fees	684.00	One third allowance	228.00
Tracing agent	300.00	One third allowance	68.40
Summons fees	205.20	One third allowance	114.00
Collection commission	342.00	Transfer ex trust	1 120.80
	<u>1 531.20</u>		<u>1 531.20</u>

Fees			
One third allowance	200.00	Correspondent	600.00
One third allowance	60.00	Correspondent	180.00
One third allowance	100.00	Correspondent	300.00

Output VAT			
One third allowance	28.00	Correspondent	84.00
One third allowance	8.40	Correspondent	25.20
One third allowance	14.00	Correspondent	42.00

Trust cash book			
Ben Smith	30 000.00	Business account	1 120.80
		Correspondent	28 879.20

Correspondent (T)			
Transfer to business	1 120.80	Ben Smith	30 000.00
Paid self	28 879.20		

<b>Note to examiner:</b>	<b>Ledger entries ½ mark each</b>
	<b>Journal entries 3 marks each</b>

**QUESTION 3** **[20]**

- 3.1 Trust Investment Account S78(2)(A), S78(2)(a). (2)
- 3.2 3.2.1 Yes  
3.2.2 No (2)
- 3.3 No (2)
- 3.4 Compare business debit balance of a client with the trust credit balance, and transfer the business debit balance if it equals or is less than the trust credit balance. If the business debit balance is more than the trust credit balance then transfer the trust credit balance. (3)
- 3.5 Draw business cash cheque – cash and pay bail. Transfer amount from trust to business banking accounts. (3)
- 3.6 3.6.1 Tax paid by vendor.  
3.6.2 Tax charged by vendor. (2)
- 3.7 Transfer R900 from business account to trust account and make client a business debtor for R900. (4)

3.8 No. You cannot receive into business account any trust money. Section 78(1) requires an attorney to open a separate trust banking account. (2)

**QUESTION 4** **[30]**

Trust cash book – February 2008

4 Purchaser - Deposit	30 000	4 ABC Bank	30 000
Purchaser - Costs	20 000	8 Unpaid cheque	20 000
9 Purchaser - Costs	3 000	15 Seller	300 000
15 Guarantee	270 000	Business account	3 120
ABC Bank	30 120		
	353 120		353 120

Purchaser (T)

<p>2008</p> <p>Feb 8 Unpaid cheque</p>	20 000	<p>2008</p> <p>Feb 4 Deposit</p>	30 000
Feb 15 Paid Seller	300 000	Costs	20 000
Transfer to business	3 120	9 Costs	3 000
		15 Interest	120
		Proceeds guarantee	270 000
	323 120		323 120

Trust Investment in terms of Section 78(2A) – Purchaser

2008	2008
Feb 4 ABC Bank	Feb 15 ABC Bank
30 000	30 000

Business cash book – February 2008

9 Purchaser	17 000	15 Rec. of Revenue trf duty	17 000
15 Trust account	3 120		

Output VAT

2008	2008
Feb 15 Purchaser	420

Purchaser (B)

2008	2008	
Feb 5 Transfer duty	17 000	
15 Fees	3 420	
	20 420	
	2008	
	Feb 9 Bank self	17 000
	15 Transfer ex trust	3 120

Fees

2008	2008
Feb 15 Purchaser	3 000

Purchaser (B)	3 420	
Fees		3 000
Output VAT		420
Transfer & bond fees		
Purchaser (T)	3 120	
Purchaser (B)		3 120
Transfer fees due		

**Note to examiner: 1 mark for each entry**

**The above solution has split the R20 000 received in cash on 9 February 2008 between trust and business. An alternative procedure would be to deposit the full R20 000 into the trust banking account. The trust transfer would then be R20 120.**

**ADMISSION EXAMINATION / TOELATINGSEKSAMEN  
BOOKKEEPING / BOEKHOU  
PART 4 / DEEL 4**

**5 AUGUST / 5 AUGUSTUS 2009**

**ANSWERS/ANTWOORDE**

**PLEASE NOTE THAT THE GUIDELINE ANSWERS TO PREVIOUS PAPERS MAY NOT BE A  
CORRECT REFLECTION OF THE LAW AND/OR PRACTICE AT THE MOMENT OF  
READING.**

**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**

**[100]**

**TRUST CASH BOOK**

02/01 Mrs Divorce	1 000	05/01 Transfer	2 000
05/01 Mr Big	5 000	07/01 R/D (Mrs Divorse)	1 000
10/01 Purchaser	100 000	09/01 Transfer	1 710
11/01 Mrs Divorse	1 000	10/01 Investec Bank	100 000
14/01 Purchaser	5 000	14/01 Transfer Duty	3 000
15/01 NSB	5 000	Transfer	760
18/01 Mr Investor	50 000	18/01 Investec Bank	10 000
19/01 Mrs Black	30 000	20/01 Standard Bank	40 000
24/01 Investec	105 000	Transfer	1 000
		24/01 Seller	100 000
		Transfer	2 000
		Purchaser	5 000
		Balance	35 530
	302 000		302 000

### BUSINESS CASH BOOK

04/01	Crook	1 000	03/01	Mrs Divorce (B) - Counsel	300
05/01	Transfer	2 000	03/01	Mrs Divorce (B) - Rev stamp	70
09/01	Transfer	1 710	05/01	Big (Bail)	2 000
26/01	Transfer	760	13/01	Sherrif	100
21/01	Divorce	40	17/01	Correspondent	340
	Transfer	1 000	22/01	Stannic	500
26/01	Transfer	2 000	29/01	Wages	3 000
27/01	Mr Crook	1 280			
				Balance	3 480
		9 790			9 790

1 mark each (38)

### BUSINESS LEDGER

#### Mrs Divorce

03/01	Cash	300	26/01	Transfer	1 000
03/01	Cash	70	21/01	Cash	40
03/01	Fees and VAT	570			
13/01	Cash	100			
		1 040			1 040

(1/2 mark each)

#### Mr Crook

04/01	Fees & VAT	2 280	04/01	Cash	1 000
			27/01	Cash	1 280
		2 280			2 280

(1/2 mark each)

#### Mr Big

05/01	Cash	2 000	05/01	Transfer	2 000
09/01	Fees & VAT	1 710	09/01	Transfer	1 710
17/01	Corresp.	1 360	17/01	Corresp.	600
			26/01	Transfer	760

#### Purchaser

24/01	Fees	2 000	26/01	Transfer	2 000
25/01	Fees	1 000	25/01	Red	1 000

Red

25/01 Purchaser	1 000
-----------------	-------

1/2 mark

Fees

03/01 Mrs Divorce	500
04/01 Crook	2 000
09/01 Big	1 500
17/01 Corresp.	420
24/01 Purchaser	2 000
25/01 Purchaser	1 000

(1/2 mark each)

VAT

03/01 Mrs Divorce	70
04/01 Mr Crook	280
09/01 Mr Big	210

(1/2 mark each)

Correspondence

17/01 Mr Big	600	17/01 Mr Big	1 360
17/01 Fees	420		
17/01 Transfer	340		

Motor City

22/01 Cash	500
------------	-----

1/2 mark

Wages

29/01 Cash	3 000
------------	-------

1/2 mark

1 mark each entry except ½ marks (25)

TRUST LEDGER

Mrs Divorce

07/01 R/D cheque	1 000	02/01 Cash	1 000
26/01 Transfer	1 000	11/01 Cash	1 000



Purchaser

14/01 Cash	3 000	10/01 Cash	100 000
24/01 Seller	100 000	14/01 Cash	5 000
26/01 Transfer	2 000	24/01 Interest	5 000
	<u>110 000</u>		<u>110 000</u>

Mr Investor

		18/01 Cash	50 000
--	--	------------	--------

Mrs Black

		19/01 Cash	30 000
--	--	------------	--------

Standard Bank S78(2)(a)

20/01 Cash	40 000		
------------	--------	--	--

Mr Big

05/01 Transfer	2 000	05/01 Cash	500
09/01 Transfer	1 710		
26/01 Transfer	760		
Balance	530		
	<u>5 000</u>		<u>5 000</u>

Investec S78(2)(A) Purchaser

10/01 Cash	100 000	24/01 Cash	105 000
24/01 Cash	5 000		
	<u>105 000</u>		<u>105 000</u>

NSB

		15/01 Cash	5 000
--	--	------------	-------

Investec S78(2)(A) Mr Investor

18/01 Cash	10 000		
------------	--------	--	--

1 mark each entry = (22)

Extract of trust ledger balances

Mr Big	530	Cash book balance	35 530
Mr Investor	50 000	S78(2)(a)	40 000
Mrs Black	30 000	Investec Bank	10 000
NSB	5 000		
Total	<u>85 530</u>		<u>85 530</u>

(5 marks)

**Business journal / Fees Journal**

03/01	Mrs Divorce	Dr	570	
	Fees	Cr		500
	VAT	Cr		70
04/01	Mr Crook	Dr	2 280	
	Fees	Cr		2 000
	VAT	Cr		280
09/01	Mr Big	Dr	1 710	
	Fees	Cr		1 500
	VAT	Cr		210
17/01	Mr Big	Dr	1 360	
	Correspondent	Cr		1 360
17/01	Correspondent	Dr	600	
	Mr Big	Cr		600
17/01	Correspondent	Dr	420	
	Fees	Cr		420
24/01	Purchaser	Dr	2 000	
	Fees	Cr		2 000
25/01	Purchaser	Dr	1 000	
	Fees	Cr		1 000
25/01	Red	Dr	1 000	
	Purchaser	Cr		1 000

(10 marks)