



**FAC 1503**

**FINANCIAL ACCOUNTING  
PRINCIPLES FOR  
LAW PRACTITIONERS**

# **PRESENTER**

**C Modise CA(SA)**

## **TOPICS**

- Bank Reconciliation**
- Trust Accounting**
- Practice Management**

# General

(see TL101/3/2012)

- Textbook – 4<sup>rd</sup> edition (unfortunately not available in Afrikaans)
- Admission to exam: **Submission of 1<sup>st</sup> assignment**
- Year/examination mark:
  - Ass 1: 50% of 10%
  - Ass 2: 50% of 10%
  - If you obtain 60% for Ass 1 and 0% for Ass 2, your year mark will be 3%, your exam mark contribution must be 47/90 which is equal to an exam mark of 52%  
( $47 \div 0.9$  [OR]  $52 \times 0.9$ ) to pass.
  - If you submitted both assignments but scored 0 in both, you will require an examination mark of 56% to pass.
  - Exam sub-minimum is 40%.

## **GOLDEN RULE 1**

***Accounting CANNOT be studied  
by merely reading/memorising.***

***You need to understand the  
concepts/principles thereof  
and then practice, practice,  
practice!!***

## BANK RECONCILIATION (TEXTBOOK Par8.5)(SG PAR7.3)

What is the meaning of reconciliation in the context of BRS?

2/03/11 Money is deposited into a business bank account, R50 000.

6/03/11 Cheque issued to pay for office equipment, R30 000.

Records of the business		Records of the bank	
2/03/11 Deposit	50 000	2/03/11 Deposit	50 000
6/03/11 Cheque issued	<u>30 000</u>	6/03/11 Cheque	<u>30 000</u>
Balance on 31/03/11	20 000	Balance on 31/03/11	20 000
Nothing to reconcile = balances agree			

## BANK RECONCILIATION

### Example

2/03/11 Money is deposited into a business bank account, R50 000.

6/03/11 Cheque issued to pay for office equipment, R30 000.

4/03/11 A debtor paid his account –direct deposit into the bank account of the business, R10 000

## BANK RECONCILIATION

Records of the business		Records of the bank	
March 2011		March 2011	
2/03/11 Deposit	50 000	2/03/11 Deposit	50 000
		4/03/11 Direct deposit	15 000
6/03/11 Cheque issued	<u>(30 000)</u>	6/03/11 Cheque	<u>(30 000)</u>
Balance on 31/03/11	20 000	Balance on 31/03/11	35 000
Need to reconcile= balances disagree			

## BANK RECONCILIATION

There are two main reasons why a reconciliation is done, viz.;

- Update business records from the bank's records; and
- Record those transactions that should be brought to the attention of the bank to rectify

What is being reconciled?

The **business records** ( BANK ACCOUNT) and the **bank records** (BUSINESS BANK ACCOUNT with the Bank)

How is the RECONCILIATION performed?

Identify the differences (reconciling items) between records of the business and records of the bank AND deal with them, in order to make the balances in the two records to be the SAME.



## Common reconciling items (8.5 Textbook)

### *Items in cash journals, but not in bank statement:*

- Outstanding deposits;
- Outstanding cheques; and
- Outdated / Stale cheques.

### *Items in bank statement but not in cash journals:*

- Direct deposits from third parties;
- Bank Charges;
- Interest received;
- Interest paid;
- Debit orders;
- Stop orders;
- Unpaid cheques (R/D)
- Post dated cheques

## Common Reconciling differences (8.5 Textbook)

### *Errors*

#### ❖ *made by the entity*

- Overstatement of amounts
- Understatement of amounts ; and
- Any other type of error (eg., a transaction recorded in the wrong journal)

#### ❖ *made by the bank*

- errors involving amounts (overstatement / understatement);
- crediting the entity's bank acc with other bank clients' deposits;
- debiting the entity's bank acc with cheques issued by other bank clients;

## RECONCILIATION PROCEDURE

- ❑ Know the framework of presenting solution
- ❑ Items in entity's cash journals, but not on bank statement (except business errors)

*These items should be recorded in the Bank Reconciliation Statement*

- If entry in **cash receipts journal**
  - enter on **credit side** of bank reconciliation statement
- If entry in **cash payment journal**
  - enter on **debit** side of bank reconciliation statement

- ❑ Items on bank statement, but not in entity's cash journals (except bank errors)

*These items should be recorded in the Cash Journals*

- If entry on **debit** side of bank statement
  - enter in **cash payments journal**
- If entry on **credit** side of bank statement
  - enter in **cash receipts journal**

## RECONCILIATION PROCEDURE

### Errors made by the entity

*These items should be corrected in the Cash Journals*

*Journal to be used, will depend on the nature of the error.*

### Errors made by the bank

*These items should be corrected by way of entries in the Bank Reconciliation Statement ( and brought to the attention of the bank)*

### Bank Reconciliation Statement completed for the previous month

*Compare current month's bank statement with previous month's BRS ascertain whether the outstanding items and corrections have been done by the bank (outstanding deposits credited + outstanding cheques\*\*, bank errors corrected).*

*Dr column bank statement compared with debit side previous BRS*

*Cr column bank statement compared with debit side previous BRS*



## Example

The following information was obtained from the accounting records of Basson Traders

### 1. Bank reconciliation statement as at 31 May 20.7

	R	R
Credit balance per bank statement		2 732
Deposit not yet credited by the bank		6480
Cheques not yet presented for payment:		
No 090 – dated 17/12/20.6 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 170 – dated 29/05/20.7 (BA Traders)	4 502	
Debit balance per bank account	2 650	
	9 212	9 212

## **Required:**

- 1.1 Complete the cash **receipts and cash payments journals** of BassonTraders, **bank columns only**, at 30 June 20.7.
- 1.2 Prepare the **bank account** in the general ledger of Basson Traders, properly balanced, on 30 June 20.7.
- 1.3 Prepare the **bank reconciliation statement** of Basson Traders as at 30 June 20.7. Begin with the balance as per bank statement.



**2. Totals of the bank columns in the cash journals at 30 June 20.7**

- **Cash receipts** journal, R20 000
- **Cash payments** journal, R20 054





## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054



3. At 30 June 20.7 the bank statement showed a favorable balance of R7 630.

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630

## Example

The following information was obtained from the accounting records of Basson Traders

### 1. Bank reconciliation statement as at 31 May 20.7

	R	R
<del>Credit balance per bank statement</del>		<del>2 732</del>
Deposit not yet credited by the bank		6 480
Cheques not yet presented for payment:		
No 090 – dated 17/12/20.6 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 170 – dated 29/05/20.7 (BA Traders)	4 502	
Debit balance per bank account	2 650	
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## Example

The following information was obtained from the accounting records of Basson Traders

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Cheques not yet presented for payment:		
No 090 – dated 17/12/20.6 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 170 – dated 29/05/20.7 (BA Traders)	4 502	
<b>Debit balance per bank account</b>	<b>2 650</b>	
	9 212	9 212

Dr	Bank				Cr
20.7 June 1	Balance	2 650			

- 
4. **Cheque no 090** was issued in favour of the Red Cross on 17 December 20.6 as a donation. On 30 June 20.7, it was decided to **cancel** this cheque and **replace** it with cheque no 221. No entries have yet been made.



## Example

The following information was obtained from the accounting records of Basson Traders

### 1. Bank reconciliation statement as at 31 May 20.7

	R	R
<del>Credit balance per bank statement</del>		<del>2 732</del>
Deposit not yet credited by the bank		6480
Cheques not yet presented for payment:		
No 090 – dated 17/12/20.6 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 170 – dated 29/05/20.7 (BA Traders)	4 502	
<del>Debit balance per bank account</del>	<del>2 650</del>	
	9 212	9 212

## Cash receipts journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 000
	Donation (Red Cross) cheque <u>no 090</u> out dated	1 200

## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	<b>Donation (Red Cross) cheque <u>no 221</u></b>	<b>1 200</b>

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630
Cheques not yet presented for payment:		
No 221 – dated 30/06/20.7 (Donations)	1 200	



5. Of the **cheques outstanding** at 31 May 20.7, only **cheque no 170** was presented for **payment**

## Example

The following information was obtained from the accounting records of Basson Traders

### 1. Bank reconciliation statement as at 31 May 20.7

	R	R
<del>Credit balance per bank statement</del>		<del>2 732</del>
Deposit not yet credited by the bank		6 480
Cheques not yet presented for payment:		
<del>— No 090 — dated 17/12/20.6 (Donations)</del>	<del>1 200</del>	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
<del>— No 170 — dated 29/05/20.7 (BA Traders)</del>	<del>4 502</del>	
<del>Debit balance per bank account</del>	<del>2 650</del>	
	9 212	9 212

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630
Cheques not yet presented for payment:		
No 221 – dated 30/06/20.7 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	

6. The following items appeared **only** on the **bank statement**:

- cheque book, R96;
- ledger fees, R14;
- cash handling fees, R16;
- interest on credit (favorable) balance, R50.



## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	<b>Bank charges (96 + 14 + 16)</b>	<b>126</b>

## Cash receipts journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 000
	Donation (Red Cross)	1 200
	<b>Interest income</b>	<b>50</b>


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- 7. The outstanding deposit on 31 May 20.7 was credited by the bank on 1 June 20.7, R6 480.**

## Example

The following information was obtained from the accounting records of Basson Traders

### 1. Bank reconciliation statement as at 31 May 20.7

	R	R
<del>Credit balance per bank statement</del>		<del>2 732</del>
<b>Deposit not yet credited by the bank</b>		<b>6 480</b>
<del>Cheques not yet presented for payment:</del>		
<del>— No 090 — dated 17/12/20.6 (Donations)</del>	<del>1 200</del>	
<del>— No 168 — dated 28/05/20.7 (P Mbeki)</del>	<del>860</del>	
<del>— No 170 — dated 29/05/20.7 (BA Traders)</del>	<del>4 502</del>	
<del>Debit balance per bank account</del>	<del>2 650</del>	
	<b>9 212</b>	<b>9 212</b>

- 
8. The following items appeared **only** on the **bank statement**:
- A **stop order** for R2 000 representing the payment on the mortgage loan from Africa Bank.

## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	Bank charges (96 + 14 + 16)	126
	<b>Mortgage (African bank)</b>	<b>2 000</b>




**8. (CONTINUED)**

- **A stop order in favour of Fix-it Motors, being an installment on a motor vehicle, R1 700.**

## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	Bank charges (96 + 14 + 16)	126
	Mortgage (African bank)	2 000
	<b>Creditors control/Fix-it Motors</b>	<b>1 700</b>



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9. Cheque no195 in favour of Handy Wholesalers, a creditor, was correctly issued for R1 578. However, on the counterfoil it was recorded as R1 758 and recorded in the **cash payments journal** as such. The amount on the **bank statement is correct.**

## Cash receipts journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 000
	Donation (Red Cross)	1 200
	Interest income	50
	<b>Creditors control/Handy Wholesalers</b>	<b>180</b>

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10. An **unpaid cheque** for R500, appeared only on the bank statement. This cheque was previously received from S Steward in settlement of his account of R530. The cheque was marked “R/D – insufficient funds”.

## Cash payments journal - June 20.7


<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	Bank charges (96 + 14 + 16)	126
	Mortgage (African bank)	2 000
	Creditors control/Fix-it Motors	1 700
	<b>Debtors control/ S Steward (R/D)</b>	<b>500</b>

**(The cheque is cancelled in the cash payments journal  
and the discount in the general journal)**

- 
- 11. A direct deposit by a debtor, Y York, for R4 500, was found on the bank statement. On investigation it was found that the account of Y York had previously been written off as irrecoverable.**

## Cash receipts journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 000
	Donation (Red Cross)	1 200
	Interest income	50
	Creditors control/Handy Wholesalers	180
	<b>Credit losses recovered</b>	<b>4 500</b>

- 
12. An **unpaid cheque** for R780, received from a debtor, Estcourt Traders dated 24 July 20.7 in payment of this account. The bank returned the cheque on 30 June 20.7 marked “post-dated”.

## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	Bank charges (96 + 14 + 16)	126
	Mortgage (African bank)	2 000
	Creditors control/Fix-it Motors	1 700
	Debtors control/S Steward (R/D)	500
	<b>Debtors control/Escourt Traders(post dated cheque)</b>	<b>780</b>



- 
- 13. A deposit made on 30 June 20.7 of R3 850 was not credited by the bank on that day.**

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630
<b>Deposit not yet credited by the bank</b>		<b>3 850</b>
Cheques not yet presented for payment:		
No 221 – dated 30/06/20.7 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	

**14. Cheques that did not appear on the bank statement:**

- No 211, R3 532 dated 20/06/20.7 to Swift Suppliers
- No 216, R3 668 dated 28/06/20.7 for Water and electricity
- ~~No 221, R1 200,00 dated 30/06/20.7 to the Red Cross~~

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630
Deposit not yet credited by the bank		3 850
Cheques not yet presented for payment:		
No 221 – dated 30/06/20.7 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 211 – dated 20/06/20.7 (Swift Suppliers)	3 532	
No 216 – dated 28/05/20.7 (Municipality)	3 668	

## Cash receipts journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 000
	Donation (Red Cross)	1 200
	Interest income	50
	Creditors control/Handy Wholesalers	180
	Credit losses recovered	4 500
		<hr/>
		<b>25 930</b>

## Cash payments journal - June 20.7

<u>Date</u>	<u>Details</u>	<u>Bank</u>
30	Total	20 054
	Donation (Red Cross)	1 200
	Bank charges (96 + 14 + 16)	126
	Mortgage (African bank)	2 000
	Creditors control/Fix-it Motors	1 700
	Debtors control/S Steward (R/D)	500
	Debtors control/Escourt Traders(post dated cheque)	780
		<hr/>
		<b>26 360</b>

## General ledger

<b>Dr</b>	<b>Bank account</b>				<b>Cr</b>
1	Balance	2 650	30	<b>Total payments</b>	<b>26 360</b>
30	<b>Total receipts</b>	<b>25 930</b>		Balance c/d	<b>2 220</b>
		<b>28 850</b> =====			<b>28 580</b> =====
1	Balance b/d	<b>2 220</b>			

## Bank reconciliation statement as at 30 June 20.7

	R	R
Credit balance per bank statement		7 630
Deposit not yet credited by the bank		3 850
Cheques not yet presented for payment:		
No 221 – dated 30/06/20.7 (Donations)	1 200	
No 168 – dated 28/05/20.7 (P Mbeki)	860	
No 211 – dated 20/06/20.7 (Swift Suppliers)	3 532	
No 216 – dated 28/05/20.7 (Municipality)	3 668	
Debit balance per bank account	2 220	
	11 480	11 480



## Approach when answering BRS question

- ❑ Read your required part of the question and make sure that you understand what is required.
- ❑ Allocate time to the question based on marks
- ❑ Objective is to score maximum marks
- ❑ Know your frame work
- ❑ Use two pages for answering this question (face to face)
- ❑ Draw your framework (use freehand to draw framework(practice this)- on one page, the two Cash Journals and on the other page, bank account and Bank Reconciliation Statement.
- ❑ Look for easy marks
  - provisional totals of Cash Journals
  - opening bank balance (check previous month's BRS)
  - balance per bank statement
  - outstanding deposit
  - outstanding cheques, bank charges, R/D cheques etc.

## Approach when answering BRS question

- Total Cash journals and post to the Bank account
- Balance bank account and BRS

## Preparation for the Exam

- **Practice as many questions as possible per topic and make sure that you master the topic.**
- **Do the questions without looking at the solution and thereafter mark yourself, continue to do so until you obtain maximum marks in the question.**
- **It is not advisable to study using the Oh / Yes method.**
- **Please start studying now, do not wait until it is too late. There is too much work to be covered.**

# TRUST ACCOUNTING

1. Difference between the accounting records of a law practice and those of other professional enterprises is the way in which **TRUST MONEY** is handled and recorded.
2. **Business** transactions vs **Trust** transactions
  - Business money represents own funds of the law practice. Business transactions are for the benefit of the law practice
  - Trust money is money received to be held in **trust** and handled according to client's instructions. Trust transactions are for the benefit of the client.

## TRUST ACCOUNTING

3. Transactions encountered in a law practice
  - 3.1 Cash received from clients ( held in trust or dealt with according to the express instructions of the client)
  - 3.2 Cash received from clients for fees charged and expenses incurred on their behalf.
  - 3.3 Trust money paid to clients, or the rightful recipients, after deduction of moneys due to attorney.
  - 3.4 Expenses paid on behalf of clients which must subsequently be recovered from such clients.
  - 3.5 Payment of general office expenses, and personal withdrawals  
Under no circumstances should these be paid from the trust bank account.

## TRUST ACCOUNTING

### 3. Transactions encountered in a law practice (continued)

#### 3.6 Charging of fees for services rendered

#### 3.7 Transfer of money from the Trust bank account to the Business bank account.(eg., for fees charged)

Client's trust account (creditor) >>> Client debtor account

*Client's trust account may never have a debit balance. NB*

#### 3.8 Transactions with correspondents

***instructing attorney***-law practice issuing the instruction

***executive (or instructed attorney)***-law practice receiving

orders payments may give rise to both business and trust transactions.

# TRUST ACCOUNTING

## HANDLING OF TRUST MONEY

**Trust money is money entrusted to an attorney, to be held in trust by the attorney and to be dealt with according to the client's instructions.**

**Trust money, inter alia, comprise:**

- Deposits by clients with regard to services still to be rendered, as well as related expenses;
- Money paid in by a third party (the buyer) in respect of purchase transactions;
- Payment to executive attorney i.r.o correspondent transactions;
- Transfer of money from the trust bank account to the business bank account i.r.o the amount owing to the attorney in connection with which a legitimate debit entry is entered after services have been rendered.

# TRUST ACCOUNTING

Other important issues relating to trust money:

- ❑ Trust money does not form part of the assets of an attorney's practice because it belongs to a third party.
- ❑ Section 73 of the Attorneys Act 53 of 1979 requires a legal practitioner to keep a separate trust bank account with a banking institution in the Republic and must deposit any money held or received on behalf of any person in this account.
- ❑ Interest earned on trust money is applied to cover
  - bank charges on trust bank account;
  - Insurance of trust creditors against fraudulent use of their money; and
  - Audit fees relating to trust accounts.



# TRUST ACCOUNTING

## Accounting for trust transactions

- Trust Cash Receipts Journal
- Trust Cash Payments Journal
- Transfers Journal
- Trust bank account
- Trust creditors' ledger

## Accounting for business transactions

- Cash Receipts Journal
- Cash Payments Journal
- Business bank account
- Fees Journal
- General Journal
- Client's Ledger

# Trust transactions

## Example:

The following trust transactions for August 2011, relates to the law practice of MMA Attorneys:

- 2 Received R 7 500 from M Mokone in respect of the registration of a bond in October 2011
- 6 Received R25 000 from Senzo Manzini , a client , who requested to be represented in a forthcoming court case.
- 24 MMA Attorneys invoiced Senzo Manzini for work done on 15 August 2011, for R15 000.
- 26 The trust paid MMA Attorneys R15 000 in respect of work invoiced on 24 August 2011.
- 30 Paid ABC Inc, conveyancers, R7 500, for registration of the bond of M Mokone

## REQUIRED:

**Prepare the following in the books of MMA Attorneys for August 2011**

- 1.1 Trust Cash Receipts Journal
- 1.2 Trust Cash Payments Journal
- 1.3 Fees Journal
- 1.4 Transfer Journal
- 1.5 Trust bank account
- 1.6 Trust creditors' ledger
- 1.7 General ledger
- 1.7 Client (debtors) ledger

## Trust Cash Receipts-August 2011

Date	Rec No	Details	Fol	Trust Creditors	Bank
2	001	M Mokone	TCL1	7 500	7 500
6	002	Senzo Manzini	TCL2	25 000	25 000
				<b>32 500</b>	<b>32 500</b>

## Trust Cash Payments Journal –August 2011

Date	Doc No	Details	Fol	Trust Creditors	Bank
26		Senzo Manzini (MMA Attorneys)		15 000	15 000
30		M Mokone ( ABC inc)		7 500	7 500
				<b>22 500</b>	<b>22 500</b>

## Trust Bank Account

Aug 2011	31	Total Receipts	TCRJ	32 500	Aug 2011	31	Total payments	TCPJ	22 500
							Balance	c/d	10 000
				<b>32 500</b>					<b>32 500</b>
Sep 2011		Balance	b/d	10 000					

## Trust Creditors Account

Aug 2011	31	Trust bank	TCPJ	22 500	Aug 2011	31	Trust bank	TRCP	32 500
		Balance	c/d	10 000					
				<b>32 500</b>					<b>32 500</b>
					Sep 2011	1	Balance	b/d	10 000

## Trust Creditors Ledger M Mokone

Aug 2011	26	Trust bank	TCPJ	7 500	Aug 2011	2	Trust bank	TCRJ	7 500
				<b>7 500</b>					<b>7 500</b>

## Senzo Manzini

Aug 2011	30	Trust bank	TCPJ	15 000	Aug 2011	6	Trust bank	TCRJ	25 000
	31	Balance	c/d	10 000					
				<b>25 000</b>					<b>25 000</b>
					Sep 2011	1	Balance	b/d	10 000



## Business Fees Journal – August 2011

Date	Doc	Details	Fol	Clients Control	Fees
24	IN001	Senzo Manzini		15 000	15 000
				<b>15 000</b>	<b>15 000</b>

## Business Cash Receipts Journal-August 2011

Date	Doc	Details	Fol	Clients Control	Bank
26		Senzo Manzini		15 000	15 000
				<b>15 000</b>	<b>15 000</b>

## Business bank account

Aug 2011	31	Total receipts	BCRJ	15 000					

# Client Control Account

Aug 2011	31	Fees	FJ	15 000	Aug 2011	31	Business bank	BCRJ	15 000
				<b>15 000</b>					<b>15 000</b>

## Senzo Manzini

Aug 2011	24	Fees	FJ	15 000	Aug 2011	26	Business bank	BCRJ	15 000
				<b>15 000</b>					<b>15 000</b>

## Other trust transactions

- Transfer journals + alternative (discussed in example)

### **Requirements to be met before a transfer is made from a trust account(trust creditor) to a business account (business client)**

- Client should owe an amt to practice on business account;
  - If amt owing on BA > amt avl on trust creditor's acc, amt to be transferred is limited to amt avl on trust creditor's acc;
  - If amt trust creditor > amt owed on client acc, amt to be transferred is limited to amt owed on business client acc; and
  - Consent of the client giving permission for the transfer.
- Unpaid cheques of trust creditors;

## Other issues

- Info to appear on the receipt issued by the recipient of trust money.
- Balance of the trust bank acc = sum of the balances of trust creditors' accounts (important)

# PRACTICE MANAGEMENT

- Different entities under which a law practice can be operated;
- Contents of a partnership agreement;
- Factors the partners should take into account when determining their compensation system;
- Contents of an engagement letter;
- Factors to be taken into account when determining fees to charge to clients;
- Elements of the Human Resources Management cycle;
- Key elements of an effective disciplinary system;
- Elements of financial planning;
- Ways in which technology enhances the services rendered by the law practice; and
- Elements of a law practice system.



# Examination Technique

- The examination paper consists out of 5 compulsory questions that you must answer in 2 hours- Time allocation is important  
- Make sure you stay within the time allocation per question.
- Start each question on a new page.
- You may answer the question paper in any order(easy to difficult)
- You don't have to use the columns drawn in you exam answer book.  
You can ignore them and draw your own columns. Solution big enough.  
Legible handwriting.
- Number each question clearly on the top of the page.
- Show all calculations.



**We wish you all of the best for  
the examination!!!**