

**ADMISSION EXAMINATION
LEGAL PRACTITIONERS' BOOKKEEPING
PART 4**

20 OCTOBER 2021

MEMORANDUM

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

[40]

TRUST CASH BOOK

Dr			Cr
S (T)	300 000.00	S(T)	27 750.00
S (T)	64 750.00	V(T)	5 000.00
V (T)	5 000.00	V(T) Agent	100 000.00
S (T)	1 650 000.00	V(T) Agent	20 000.00
		BCB	37 000.00
		V(T)	1 830 000.00
DT	BUSINESS CASHBOOK		CT
TCB	37 000.00		

THE TRUST LEDGER ACCOUNTS

DT	VIKI (T)		CT
TCB	5000.00	TCB	5000.00
TCB	100 000.00	S (T)	300 000.00
TCB	20 000.00	S (T)	1 650 000.00
TCB	1 830 000.00		
	1 955 000.00		1 955 000.00

DT	SILA (T)		CT
V (T)	300 000.00	TCB	300 000.00
V (T)	1 650 000.00	TCB	64 750.00
TCB – SARS	27 750.00	TCB	1 650 000.00
S (B)	37 000.00		
	<u>2 014 750.00</u>		<u>2 014 750.00</u>

THE BUSINESS LEDGER ACCOUNTS

DT	SILA (B)		CT
Fees	28 000.00	S (T)	37 000.00
Fees	9 000.00		
	<u>37 000.00</u>		<u>37 000.00</u>

DT	FEES (B)		CT
		S (B)	28 000.00
		S (B)	9 000.00

1 mark each entry (30)

THE JOURNALS

Fee Journal	DT	CT
SILA (B)	28 000.00	
Fees		28 000.00
Fees Earned		
SILA (B)	9 000.00	
FEES		9 000.00
FEES EARNED		

Transfer Journal	DT	CT
SILA (T)	37 000.00	
SILA (B)		37 000.00
TRANSFER FEES		
TRUST JOURNAL		
SILA (T)	300 000.00	
VIKI (T)		300 000.00
SILA (T)	1 650 000.00	
VIKI (T)		1 650 000.00
TRANSFER OF SALE PROCEEDS		

2 marks for each journal entry (10)

TOTAL: 40 MARKS

Trust Cash Book			
Mr Speedster	30000.00	Transfer	20000.00
Business Cash Book			
Transfer	20000.00	Mr Speedster (Business Ledger)	20000.00
Mr Speedster (T/L)			
Transfer	20000.00	Trust Cash Book	30000.00
Mr Speedster (B/L)			
Business Cash Book	20000.00	Transfer	20000.00
Transfer Journal			
Mr Speedster (T/L		20000.00	
Mr Speedster(B/L)			20000.00
Being Transfer from trust to business			
Cash may be withdrawn from Bank over the counter or by ATM			
Note to marker: (1) mark for each cash book & ledger entry =(8) marks			
(1) mark each for journal entries = 2 marks			
Total = 10 marks			

QUESTION 3**[40]**

DR		TRUST CASH BOOK		CR	
Correspondent(T)	3 120	Transfer to business	2300	EFT to Sam	820

DR		BUSINESS CASH BOOK		CR	
Transfer from trust	2300				

DR		SAM TRUST ACCOUNT		CR	
Correspondent - Fees vat and disbursement	8180	Correspondent (T)	9 000		
Bank self	820				

DR		CORRESPONDENT – TRUST LEDGER		CR	
Sam transfer	9 000	TCB	3 120		
Transfer to business	2300	Sam – Fees vat and disbursement	8 180		

DR		FEE ACCOUNT		CR	
		Correspondent(B)	2000		

DR		CORRESPONDENT BUSINESS LEDGER		CR	
1/3 allowance fee	<u>2300</u>	Transfer from trust	<u>2300</u>		

DR		VAT		CR	
		Correspondent(B)	300		

1 mark for each correct cash book and ledger entry = 15 marks

	Dr	Cr
<u>TRUST JOURNAL</u> Correspondent(T) Client Sam(T) Being cash collected	9 000	9 000
<u>TRUST JOURNAL</u> Client Sam(T) Correspondent (T) Being fees vat and disbursement	8 180	8180
<u>FEE JOURNAL</u> Correspondent (B) Fees VAT Being allowance	2 300	2 000 300
<u>TRANSFER JOURNAL</u> Correspondent(T) Correspondent (B) Being transfer from trust ledger to business ledger	2 300	2300

1 mark for each correct dr and cr journal entry and narration = 13marks
1/2 mark each identifying correct journal = 2 marks

ACCOUNTING STATEMENT TO CLIENT SAM

Self v Smith – Fees	1500	
Disbursement	200	
VAT	225	
 Sam – divorce - Fees	 1500	
Disbursement	480	
VAT	225	
 Self v Smith – Fees	 3000	
Disbursement	600	
VAT	450	

Cash – Smith		9 000
EFT TO Smith	820	
	<u>9 000</u>	<u>9 000</u>

1 mark each for correct dr and cr entry = 11 marks

QUESTION 4

[10]

SUPPLEMENTARY CASH BOOK FOR DECEMBER 2020 ^{1/2}

Balance	^{1/2}	100 000		
Interest	1	3 000	Mtn 1	54
Deposit	1	60 000	Balance B/D	^{1/2} 226 930
Deposit	1	63 984		
		<u>226 984</u>		<u>226 984</u>
Balance C/F	^{1/2}	226 930		

Total marks **6**

BANK RECONCILIATION STATEMENT AT 31 DECEMBER 2020 ^(1/2)

Bank statement balance	1		41 301
Less : Bank error	1	24 673	
OUTSTANDING DEPOSIT	1		<u>210 302</u>
Balance as per cash book		<u>226 930</u> ^(1/2)	

Total marks **(4)**

TOTAL: [100]