

**ADMISSION EXAMINATION / TOELATINGSEKSAMEN
ESTATES / BOEDELS
PART 2 / DEEL 2**

09 FEBRUARY / FEBRUARIE 2016

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

[67]

LIQUIDATION ACCOUNT

ASSETS

IMMOVABLE PROPERTY

Erf 56 Mooi River, Registration

1

Division FT, Province of Kwazulu Natal

In extent 1012 square metres

Held under Deed of Transfer No. T672/2002

[1]

Valued at

2 000 000.00 [1]

Awarded to the Intestate Heirs in terms of Act No.81 of 1987 [1]

MOVABLE PROPERTY

BMW car NR 21578	2	95 000.00 [1]
Norinco Firearm (SFG 27416A) valued at	3	15 000.00 [1]
2000 Shares in Going Down (Pty) Ltd: Realised	4	80 000.00 [1]
Absa Fixed Deposit Account No. 542874	5	150 000.00 [1]
Interest accrued to date of death		20 000.00 [1]
Household furniture valued at	6	160 000.00 [1]
400 Shares in Fertile Farms Limited Realised	7	60 000.00 [1]
Proceeds of Sanlam Policy No. X117428:	8	300 000.00 [1]

Surrender Value

XYZ Bank – Savings Account No. 224317	9	200 000.00 [1]
Proceeds of First Life Insurance Policy Awarded to the Intestate Heirs in terms of Act No.81 of 1987 [1]	10	600 000.0 [1]

TOTAL ASSETS		3 680 000.00
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LIABILITIES

Administration Expenses	11	12 000.00 [1]
Masters fees (maximum)	12	600.00 [1]
Executors Remuneration (3.5% of R3 680 00.00)	13	128 800.00 [2]
KZN Funerals: Funeral costs	14	28 000.00 [1]
SARS final tax assessment	15	36 000.00 [1]
Dr Fine: Medical Expenses	16	7 500.00 [1]
Absa Bond Account No. 3721740	17	700 000.00 [1]
Fair & Square Attorneys: Bond Cancellation Costs	18	2 500.00 [1]
Transfer fees	19	24 000.00 [1]
Ryan Valuers : Valuation Costs	20	2 500.00 [1]
Total Liabilities		941 900.00

Estate duty		Nil [1]
Balance available for Distribution		2 738 100.00
		3 680 000.00

RECAPITULATION STATEMENT

Total assets reduced to cash		1 410 000.00 [2]
Liabilities		941 900.00 [1]
Estate Duty		NIL
Cash Surplus		468 100.00 [1]
		1 410 000.00

DISTRIBUTION ACCOUNT

Balance available for distribution		2 738 100.00 [1]
<u>Add</u> Funeral Expenses		28 000.00 [2]
		<hr/> 2 766 100.00
Awarded to surviving spouse ½ share by virtue of her marriage in Community of Property		1 383 050.00 [2]
		<hr/> 1 383 050.00
<u>Less</u> Funeral Expenses		28 000.00 [1]
Balance for distribution to intestate heirs		<hr/> 1 383 050.00 [1]
Awarded to B surviving spouse in terms of Section 1(1)(c)(i) [1]	451 683.33 [1]	
Awarded to C major, in terms of Section 1(1)(c)(ii) [1]	451 683.33 [1]	
Awarded to D major in terms of Section 1(1)(c)(ii)[1]	451 683.34 [1]	
The above awards consist of an undivided share in the immovable property item 1 and movable assets items 2 and 3 [2]		
	<hr/> 1 355 050.00	<hr/> 1 355 050.00

INCOME AND EXPENDITURE ACCOUNT

Interest on Fixed Deposit		10 000.00 [1]
Executors Fees (6%)	600.00 [1]	
Interest on mortgage bond	9 400.00 [1]	
Balance for distribution	Nil	
	<hr/> 10 000.00	<hr/> 10 000.00

ESTATE DUTY ADDENDUM

Assets as per Liquidation Account		3 680 000.00 [1]
<u>Less</u> Deemed property included in Estate Account (First Life Policy)		600 000.00 [2]
		<hr/> 3 080 000.00
<u>Less</u> Difference in Value of Shares in Going Down (Pty) Ltd		14 000.00 [2]
		<hr/> 3 066 000.00
<u>Less</u> Liabilities (excluding Funeral expenses) R941 900 – R28 000		913 900.00 [2]
		<hr/> 2 152 100.00
<u>Less</u> ½ share of surviving spouse		1 076 050.00 [2]
		<hr/> 1 076 050.00
<u>Less</u> Funeral Expenses		28 000.00 [1]
		<hr/> 1 048 050.00
<u>Add</u> Deemed Property		
First Life Policy	600 000.00 [1]	
Old Mutual Policy	1 000 000.00 [1]	1 600 000.00
		<hr/> 2 648 050.00 [1]
Gross Value of Estate		2 648 050.00 [1]
<u>Less</u> Deductions		
Section 4Q: Inheritance	451 683.33 [1]	
Deemed property	1 000 000.00 [1]	1 451 683.33
		<hr/> 1 196 366.67 [2]
<u>Less</u> Rebate in terms of Section 4A		3 500 000.00 [1]
		<hr/> NIL [1]
		<hr/>
Therefore no Estate Duty Payable		

REDISTRIBUTION AGREEMENT

ESTATE LATE NORAH BAM

MASTER'S REFERENCE NO. : 2345/2015 [1]

WHEREAS in terms of Clauses 6, 7 and 8 of the Last Will and Testament dated 17 August 2012 of the late Norah Bam, the deceased bequeathed: **[1]**

- 1. Her immovable property to her major daughter, ELIZABETH BAM, which property is valued at R700 000.00; **[1]**
- 2. Her JSE Share Portfolio to her major son, ERIC BAM, which portfolio is valued at R700 000.00; **[1]**
- 3. Cash in the amount of R1 400 000.00 to her surviving spouse, DAVID BAM, to whom she was married out of community of property; **[1]**

AND WHEREAS the heirs ELIZABETH BAM and ERIC BAM would prefer to receive cash in place of the specific items bequeathed to them and the surviving spouse, DAVID BAM, would prefer to receive the aforesaid specific assets; **[1]**

AND WHEREAS the heirs, all majors, have agreed to redistribute the assets. **[1]**

NOW THEREFORE the heirs agree as follows :

- 1. In place of the immovable property (Item 1 in the Liquidation Account), ELIZABETH BAM shall receive the equivalent value thereof of CASH in the amount of R700 000.00. **[1]**
- 2. In place of the Share Portfolio (Item 2 in the Liquidation Account), ERIC BAM shall receive the equivalent value thereof of CASH in the amount of R700 000.00. **[1]**
- 3. In place of the cash in the sum of R1 400 000.00, DAVID BAM shall receive the said immovable property valued at R700 000.00 and the share portfolio valued at R700 000.00. **[1]**
- 4. The parties acknowledge that this Redistribution Agreement is subject to confirmation by the Master of the High Court. **[1]**

DATED AT THIS DAY OF 2015. [1]

AS WITNESSES :

1. _____ DAVID BAM

2. _____ ELIZABETH BAM

ERIC BAM **[1]**

QUESTION 3**[5]**

1. The testators signatures at the end of the will and in the middle of the first page is in compliance with the Wills Act No. 7 of 1953: Section 2(1)(a)(iv) **[2]**
2. If the Will consists more than one page, the witnesses are only required to sign the second page **[2]**
3. The fact that the will is not dated does not affect its validity **[1]**

I would advise that the Will is valid.

QUESTION 4**[5]**

- a. Deposit assessed amount into the specified banking account of the Department of Justice and Constitutional Development **[1]**; and
 - b. Submit proof of payment to the Master **[1]**
1. 3 Marks
- a. Prepare payment on e-filing **[1]**;
 - b. Deposit assessed amount, by EFT, into the specified banking account of SARS **[1]**; and
 - c. Submit proof of payment to the Master **[1]**

NOTE: 1 mark may be given for paying cheque directly to SARS office instead paying by EFT if payment is R500 000.00 or below.

QUESTION 5**[10]**

1. W = R250000 accrual **[2]** and R375 000 (surviving spouse's share) **[1]** and R375000 (C's share); **[1]**
A = nil because W's adopted daughter; **[1]**
B = R375000 because H's illegitimate child; **[1]**
C = nothing because she renounced **[1]** – devolves on W: **[1]**
E and F = R187500 each as represent D (illegitimate and adopted); **[1]**
G = nothing as excluded **[1]**

TOTAL: [100]