

# ATTORNEYS' EXAMINATION

## PART 2 ESTATES

21 AUGUST 2019

14:00-16:15

Total: [100]

***Candidates are allowed 15 minutes to peruse the paper before starting to answer the questions. No candidate may start writing in the answerbook during this period. The examination of 2 hours then follows.***

1. Candidates must answer all the questions.
2. Candidates must remember that marks are awarded for good draftsmanship.
3. Candidates must invent their own facts wherever necessary.
4. Please write only in pen on the right-hand pages.
5. Except if a special reason exists, a candidate will not be required to do an oral in this part if 50% or more is attained. If a candidate achieves less than 40% he/she will not qualify for an oral and will have failed this section.

**QUESTION 1****[60]**

Sam Dube died on 30 June 2018 and is survived by his two wives Sarah and Jane, to whom he was married according to Customary Law and out of community of property without accrual. He is also survived by his major son Tom by his marriage to Sarah and by his brother Eric. In his Will he bequeathed his entire estate to his first wife Sarah and has appointed his brother Eric as the executor. His estate comprises of the following:

1. A farm NAMBO (on which he farmed with cattle and sheep) which has been valued by an appraiser at R2 100 000.00. This farm has been let to Ben Dikobe in terms of a 5 year lease which commenced on 1 January 2014. Rental of R30 000.00 per annum is payable 6 monthly in advance. He owed R208 000.00 on this property to Land bank as at date of death. No further interest was payable from date of death.
2. Farm implements and Livestock with a total valuation of R900 000.00.
3. The house in which they reside is registered in the name of his first wife Sarah and is valued at R750 000.00.
4. Furniture and household effects in his name valued at R135 000.00.
5. He owned a 100% share in VIC (Pty) Ltd. His son worked for him. He and his son, Tom, entered into an agreement that, on his death, Tom would buy all his shares in the business for R1 100 000.00. The executor contacted the auditors of the company and they valued the company shares at R1 000 000.00 (SARS accepted their valuation).
6. Tom took out a Liberty Life Insurance Policy on Sam's life with a maturity value of R1 100 000.00. He is obliged in terms of the agreement between him and Sam to use the proceeds from this policy to buy his shares in VIC (Pty)Ltd. Up to date of death he has paid R100 000.00 in premiums on this policy (interest at 6% p.a. compounded annually, included).
7. An Old Mutual policy on his life payable to his second wife Jane as the nominated beneficiary with a surrender value of R130 000.00 and a life cover value of R500 000.00.
8. Savings Account with Absa bank with a balance of R175 000.00 as at date of death. The executor collected a cheque for R181 250.00.
9. A motor vehicle valued by the appraiser at R110 000.00. The executor sold this vehicle out of hand for R100 000.00 on 3 August 2018 and the proceeds were paid into the estate banking account on the same day.
10. Policy proceeds of Sanlam Life Insurance in the amount of R925 000.00 are paid to the executor after deduction by the insurance company of a loan against the policy the amount of R25 000.00.

11. JSE quoted shares valued at R66 000.00 which were sold by the executor during the administration of the estate for a gross profit of R10 000.00. The Stockbrokers' commission in the amount of R7 600.00 is payable to stockbrokers on this deal.

The total liabilities (including funeral expenses, administration expenses and other liabilities) amount to R536 000.00. The executor is a registered VAT vendor.

Draw the entire Liquidation and Distribution Account to be lodged with the Master of the High Court. (Specify the necessary expenses). Use imaginary information where necessary.

**QUESTION 2** **[26]**

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You are approached by Cedric Jones and his wife Mabel Jones to draw their Will. They are married in community of property. Cedric is paralysed from the neck down due to a train accident. Their only child is a married woman who has a major son and a major daughter. They want their entire joint estate worth approximately R4 million to devolve directly upon their daughter as the sole heir at the death of the first dying of them, but that provision (other than the creation of a trust) must be made for the survivor until his/her death. Cedric directs you as their attorney to sign the Will on his behalf. Draft a suitable Will for your clients which consists of at least two pages.

**QUESTION 3** **[8]**

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Vukela divorced his wife on 28 November 2017. He died intestate on 31 January 2018. His estate is worth R3 500 000.00 He is survived by:

1. His father David;
2. His step mother Louisa;
3. Peter and Alex, the sons of his late brother Joseph;
4. Agnes, Louisa's daughter from her previous marriage;
5. Ronald his brother;
6. His ex-wife Phindi.

How will Vukela's estate devolve?

**QUESTION 4** **[6]**

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Sydwel, a wealthy business man, died on 20 April 2018 leaving an estate with a net value of R19 000 000.00. He leaves his estate to his two children in equal shares. Sydwel's wife Betty died in 2016 leaving an estate of R8 000 000.00, which she left to Sydwel in her Will. Calculate the estate duty payable in Sydwel's estate.

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- THE END -

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