

**ADMISSION EXAMINATION
LEGAL PRACTITIONERS' BOOKKEEPING
PART 4
18 MARCH 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 **[45]**

Fee Journal

| | | | |
|---------------|----|------|------|
| Correspondent | Dr | 3450 | |
| Fees | Cr | | 3000 |
| Vat | Cr | | 450 |

Being Summons Fees

| | | | |
|---------------|----|-----|-----|
| Fees | Dr | 600 | |
| Vat | Dr | 90 | |
| Correspondent | Cr | | 690 |

Being 20% allowance

| | | | |
|---------------|----|------|------|
| Correspondent | Dr | 6900 | |
| Fees | Cr | | 6000 |
| Vat | Cr | | 900 |

Being Vat for Default Judgment

| | | | |
|---------------|----|------|------|
| Fees | Dr | 1200 | |
| Vat | Dr | 180 | |
| Correspondent | Cr | | 1380 |

Being 20% allowance

| | | | |
|---------------|----|------|------|
| Correspondent | Dr | 6900 | |
| Fees | Cr | | 6000 |
| Vat | Cr | | 900 |

Being for Writ

| | | | |
|---------------|----|------|------|
| Fees | Dr | 1200 | |
| Vat | Dr | 180 | |
| Correspondent | Cr | | 1380 |

Being 20% allowance

| | | | |
|---------------|----|------|------|
| Correspondent | Dr | 1150 | |
| Fees | Cr | | 1000 |
| Vat | Cr | | 150 |

Being collection commission

| | | | |
|---------------|----|-----|-----|
| Fees | Dr | 200 | |
| Vat | Dr | 30 | |
| Correspondent | Cr | | 230 |

Being 20% allowance

| | | | |
|---------------|----|--------|--|
| Correspondent | Dr | 17 250 | |
|---------------|----|--------|--|

| | | | |
|------|----|--|--------|
| Fees | Cr | | 15 000 |
| Vat | Cr | | 2 250 |

Being fees for MOI

| | | | |
|---------------|----|------|-------|
| Fees | Dr | 3000 | |
| Vat | Dr | 450 | |
| Correspondent | Cr | | 3 450 |

Being 20% allowance

TRANSFER JOURNAL

| | | | |
|--------------------|----|--------|--------|
| Business Cash Book | Dr | 38 020 | |
| Trust Cash Book | Cr | | 38 020 |
| Correspondent (T) | Dr | 38 020 | |
| Correspondent (B) | Cr | | 38 020 |

½ mark each for transactions Dr or Cr -No mark for narration and headings

(Total mark 17)

TRUST CASH BOOK

| | | | |
|--------------------------|---------|---------------|--------|
| Correspondent (Green) | 100 000 | Transfer | 38 020 |
| | | Correspondent | 61 980 |

BUSINESS CASH BOOK

| | | | |
|----------|--------|---------------|------|
| Transfer | 38 020 | Sheriff | 1500 |
| | | Sheriff | 3000 |
| | | Co Registered | 5000 |

TRUST LEDGER CORRESPONDENT (ABC ATTORNEYS)

| | | | |
|----------|--------|------|---------|
| Transfer | 38 020 | Cash | 100 000 |
| Cash | 61 980 | | |

BUSINESS LEDGER CORRESPONDENT (ABC ATTORNEYS)

| | | | |
|------|--------|----------|--------|
| Fees | 3450 | Fees | 690 |
| Cash | 1500 | Fees | 1380 |
| Fees | 6900 | Fees | 1380 |
| Fees | 6900 | Fees | 230 |
| Cash | 3000 | Fees | 3450 |
| Fees | 1150 | Transfer | 38 020 |
| Fees | 17 250 | | |
| Cash | 5000 | | |

FEES

| | | | |
|---------------|------|---------------|------|
| Correspondent | 600 | Correspondent | 3000 |
| Correspondent | 1200 | Correspondent | 6000 |
| Correspondent | 1200 | Correspondent | 6000 |

| | | | |
|---------------|------|---------------|-------|
| Correspondent | 200 | Correspondent | 1000 |
| Correspondent | 3000 | Correspondent | 15000 |

VAT

| | | | |
|---------------|-----|---------------|------|
| Correspondent | 90 | Correspondent | 450 |
| Correspondent | 180 | Correspondent | 900 |
| Correspondent | 180 | Correspondent | 900 |
| Correspondent | 30 | Correspondent | 150 |
| Correspondent | 450 | Correspondent | 2250 |

½ mark each for transactions Dr or Cr = (22)

LAW SOCIETY OF SOUTH AFRICA

ABC ATTORNEYS

Re: RED VS GREEN

| | | |
|----------------------|------|------|
| Fee Summons | 3000 | 600 |
| Vat | 450 | 90 |
| Paid Sheriff | 1500 | |
| Fee Default Judgment | 6000 | 1200 |
| Vat | 900 | 180 |

| | | |
|-----------------------|------|---------|
| Fee Writ | 6000 | 1200 |
| Vat | 900 | 180 |
| Paid Sheriff | 3000 | |
| EFT Green | | 100 000 |
| Collection Commission | 1000 | 200 |
| VAT | 150 | 30 |

Re: Registration of Company

| | | |
|------------------|----------------|----------------|
| Fee drafting MOI | 15000 | 3000 |
| Vat | 2250 | 450 |
| Paid Registrar | 5000 | |
| EFT You | <u>61980</u> | |
| | <u>107 130</u> | <u>107 130</u> |

6 marks (¼ mark for each entry)

TOTAL QUESTION 1 [45]

QUESTION 2**[15]**

DR (+) Supplementary Cash book for February 2021 (½) CR (-)

| | | | | | |
|-------------------------------|-----|--------|--------------------|-----|--------|
| Balance b/f | (1) | 25 000 | Firm error – dep | (1) | 18 629 |
| Firm error – dep | (1) | 18 269 | Bank charges | (1) | 500 |
| Reverse post dated EFT (1) | | 21 600 | Interest overdraft | (1) | 1 200 |
| EFT payment–client (1) | | 15 100 | Stop order | (1) | 1 150 |
| | | | Debit order | (1) | 20 000 |
| | | | Balance c/f | (1) | 38 490 |
| | | 79 969 | | | 79 969 |

Bank reconciliation statement as at 28 February 2021 (½)

| | | DR (-) | CR (+) |
|--|-----|--------|--------|
| Balance as per bank statement | (1) | 15 000 | |
| Outstanding EFT payment from client | (1) | | 38 500 |
| Bank error – Trust payment | (1) | | 14 990 |
| Balance as per supplementary cash book | (1) | 38 490 | |
| | | 53 490 | 53 490 |

Trust Ledger:

TRUST CASH BOOK

| | | | |
|-------------------|-----------|--------------------------|-----------|
| Madonna(T) | 650 000 | Purchase of shares | 186 000 |
| Prince(T) | 300 000 | S86(4) | 650 000 |
| Wayne(T) | 200 000 | S86(3) | 100 000 |
| Bruno(T) | 150 000 | Interest – Madonna | 4 750 |
| Sibiya(T) | 500 000 | Interest – Fidelity Fund | 250 |
| Sale of shares | 205 000 | Interest – Fidelity Fund | 10 000 |
| S86(4) withdrawal | 655 000 | Balance | 1 819 000 |
| S86(3) withdrawal | 110 000 | | |
| | 2 770 000 | | 2 770 000 |
| Balance | 1 819 000 | | |

Madonna (T)

| | | | |
|----------------|-------|--------------------------|---------|
| TCB – interest | 4 750 | TCB – deposit | 650 000 |
| | | Section 86(4) - Interest | 4 750 |

Prince (T)

| | | | |
|--|--|---------------|---------|
| | | TCB – deposit | 300 000 |
|--|--|---------------|---------|

Wayne (T)

| | | | |
|--|--|---------------|---------|
| | | TCB – deposit | 200 000 |
|--|--|---------------|---------|

Bruno (T)

| | | | |
|--|--|---------------|---------|
| | | TCB – deposit | 150 000 |
|--|--|---------------|---------|

Sibiya (T)

| | | | |
|--------------------|---------|---------------|---------|
| Purchase of shares | 186 000 | TCB – deposit | 500 000 |
| | | Sale of share | 205 000 |

Section 86(4) – First Bank

| | | | |
|--------------------------|---------|-----|---------|
| TCB | 650 000 | TCB | 655 000 |
| Interest – Madonna | 4 750 | | |
| Interest – Fidelity Fund | 250 | | |

Section 86(3)– Second Bank

| | | | |
|----------|---------|-----|---------|
| TCB | 100 000 | TCB | 110 000 |
| Interest | 10 000 | | |

Legal Practitioner’s Fidelity Fund

| | | | |
|-----|--------|----------|--------|
| TCB | 250 | Interest | 250 |
| TCB | 10 000 | Interest | 10 000 |

(33)

Trust reconciliation of trust creditors:

Trust Cash Book : 1 819 000

Total Trust Creditors : 1 819 000

Madonna - 650 000

Prince - 300 000

Wayne - 200 000

Bruno -150 000

Sibiya - 519 000

(7)

3.1 - (1) mark each for each ledger account = 33 marks

3.2 and 3.3 - (1) mark each balance in the trust reconciliation = 7 marks

Total = 40 marks

TOTAL: [100]