

ATTORNEYS' EXAMINATION

PART 4

LEGAL PRACTITIONERS' BOOKKEEPING

20 OCTOBER 2021

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 may use calculators.
2. In answering the questions you should ensure that the relevant entries are clearly identified, narrated detailed.
3. Separate business and trust cash books and clients' ledger accounts must be opened and are not to be combined. Journal entries must be properly identified and narrated.
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 if 50% or more is attained. If a candidate achieves a score from 40% and below 50% he/she will be required to do an oral. If a candidate achieves less than 40% he/she will not qualify for an oral and will have failed this examination.

QUESTION 1

[40]

You have instructions to proceed with a property transfer on behalf of your client, Viki. The purchasers Mr and Mrs Sila are purchasing two properties from your client: property A to be secured by a mortgage bond in favour of Nedbank for R1 650 000.00 and property B for R300 000.00 payable in cash and to be held in trust pending transfer. You receive a guarantee for R1 650 000.00 from Nedbank. The estate agent sends you his pro forma account in respect of commission of R100 000.00 for Property A and R20 000.00 for property B, payable on registration.

You receive the purchase price proceeds in respect of property B from the purchasers via eft.

You submit your pro forma account to the purchasers for the costs of transfer for property A, R28 000; for property B, R9 000 and the transfer duty costs of R27 750. The purchasers deposited R64 750 in your trust account. You paid SARS and receive the transfer duty receipt.

Your client paid you R5000 to settle the rates account. You paid the municipality and received the clearances.

The transfers and bond are registered.

You are required to record the above transactions in your books of account. No provision is to be made for VAT.

QUESTION 2

[10]

Your client Mr Speedster gives you R30 000 in cash being the deposit to cover the future fees and disbursements in his criminal matter.

He instructs you to pay bail in this matter.

You pay bail to the clerk of court in the amount of R20 000 in cash.

You are required to:

- 2.1 Record the above transactions in your accounting records. (6)
- 2.2 Transfer whatever you are entitled to transfer to your business account. (4)

QUESTION 3

[40]

You receive the following statement and EFT from your correspondent whom you instructed in the following three matters on behalf of the same client.

Sam vs Smith - Collection

To fee Summons	600	200
To VAT	90	30
To paid Sheriff	200	
By cash Smith		9 000
To Collection Commission	900	300
To VAT	135	45

Sam – Divorce

To paid Counsel	300	
To paid Sheriff	180	
To our fees	1 500	500
To VAT	225	75

Sam – Registration of Company

To fee – Drafting of memorandum of agreement	1 800	600
To VAT	270	90
To paid Registrar	600	
To fee – Attendance	1 200	400
To VAT	180	60
EFT herewith	3 120	
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You are required to:

- 3.1 record the abovementioned transactions in your accounting records.
- 3.2 transfer whatever you are entitled to, to your business banking account.
- 3.3 account fully to your client by preparing an accounting statement.

QUESTION 4

[10]

Your business cash book, as at 31 December 2020, reflects a debit balance of R100 000.00. The bank statement balance as at 31 December 2020 is R41 301.00. On receiving your bank statement, you identify the following:

MTN debit order of R54.00 was not recorded in the cash book. Interest of R3 000.00 was not recorded in the cash book. A direct deposit of R60 000,00 and R63 984.00 was paid by your client and had not been recorded in your cash book.

The bank had erroneously credited your business bank account with an amount of R24 673.00. A deposit of R210 302.00 is not reflected on the bank statement.

You are required to prepare the Supplementary cash book and the Bank reconciliation statement as at 31 December 2020.

- THE END -
