

**ADMISSION EXAMINATION / TOELATINGSEKSAMEN
BOOKKEEPING / BOEKHOUD
PART 4 / DEEL 4**

11 FEBRUARY / 11 FEBRUARIE 2015

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

[20]

- (a) **Transfer the amount from Business to Trust**
Credit Business Cash Book
Debit Bank Charges
Debit Trust Cash Book
Credit Bank charges (4)
- (b) **Transfer amount from Business account to Trust account**
Credit Trust Cash Book debit client
Credit Business Cash Book
Debit client Business
Debit Trust Cash Book
Credit client Trust (5)
- (c) Debit Trust Cash Book R20 000
Credit Trust Ledger R20 000
Credit Trust Cash Book R200 000
Debit Trust ledger R200 000
ALTERNATIVELY
Debit Trust Ledger R180 000
Credit Trust Cash Book R180 000 (4)
- (d) Debit Black Trust Ledger for R500 000
Credit White Trust Ledger for R500 000 (2)
- (e) Wait for cheque to clear then transfer amount from Trust to Business
Credit Trust Cash Book
Debit Business Cash Book (2)
- (f) **Transfer R30 000 from Business to Trust**
Credit Business Cash Book - debit Business Ledger
Debit Trust Cash Book – credit Trust Ledger
Debit Business Cash Book – credit Business Ledger (3)

QUESTION 2**[20]****2.1 Discussion:-**

The account in the Trust Ledger has business entries, eg - fees and disbursement to Counsel when there was insufficient funds in trust and fees are debited in the business account.

You will be required to transfer R50 000 from the Business account to Trust account. (8)

2.2 Transfer R50 000 from Business to Trust (counsel paid from Trust when there was insufficient funds) (2)

2.3 Fees cannot be debited in Trust – must be debited in Business account. Cancel entry in Trust account (2)

2.4. You can transfer the debit balance of R75 000 in Business account from Trust account. (2)

<u>GREEN – (TRUST)</u>			
Balance	76 900	Balance	1 900
		Cash	50 000
		Error	25 000
	76 900		76 900
		Balance	76 900

<u>GREEN (BUSINESS)</u>			
Cash	50 000		
Fees	25 000		

(6)

QUESTION 3**[40]**TRUST CASH BOOK

Jan 2 Green - Cash	1 500 000	Jan 3 ABSA Bank	1 500 000
Green - Cheque	250 000	7 R/D Cheque	250 000
Green - Cheque	150 000	30 Seller - Zama	8 000 000
8 Green - Cash	250 000	Green	50 000
30 Nedbank	6 500 000	Transfer to business	400 000
Nedbank	1 550 000		
	10 200 000		10 200 000

BUSINESS CASH BOOK

Jan 31 Transfer Trust	400 000	Jan 4 Transfer Duty	150 000
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TRUST LEDGER – (GREEN)

Jan 7 Cheque - RD	250 000	Jan 2 Cash - Deposit	1 500 000
30 Cheque - Zama	8 000 000	Cheque - Transfer	250 000
Transfer to business	400 000	Cheque - Bond	150 000
Cash	50 000	8 Cash	250 000
		30 Guarantee	6 500 000
		Interest	50 000
	<u>8 700 000</u>		<u>8 700 000</u>

TRUST INVESTMENT S78 (2A) – ABSA (GREEN)

Jan 3 Cash	<u>1 500 000</u>	Jan 30 Cash	<u>1 500 000</u>
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BUSINESS LEDGER - GREEN

Jan 4 Cash - Transfer duty	150 000	Jan 30 Transfer Trust	400 000
30 Fees - Transfer	100 000		
Fees - Bond	150 000		
	<u>400 000</u>		<u>400 000</u>

FEES

Jan 30 Green - Transfer	100 000
Green - Bond	150 000

Journal (Fee)

Jan 30 Green (B)	Dr	100 000
Fees	Cr	100 000

Being transfer Fees

Jan 30 Green (B)	Dr	150 000
Fees	Cr	150 000

Being Bond fees

Transfer Journal

Jan 30 Green (T)	Dr	400 000
Green (B)	Cr	400 000

Transfer fees + Disbursements

(1 mark each entry in the cash & ledger books – (31)
and 3 marks each for journal entry (9))

QUESTION 4**[20]****TRUST LEDGER – (RICH)**

Cash (Unit Trust)	500 000	Balance	2 000 000
Cheque - RD	500 000	Cheque - Business	500 000
Cheque - Interest	150 000	Cash (Unit Trust)	550 000
		Interest	150 000

TRUST INVESTMENT S78 (2A) – RICH

Cash	<u>1 000 000</u>	Cash	<u>1 000 000</u>
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TRUST CASH BOOK - RICH

Balance	2 000 000	Investment	1 000 000
Rich	500 000	Rich	500 000
Investment	1 150 000	R/D	500 000
Unit Trust	550 000	Rich	150 000

1. You are required to obtain a written mandate from Mrs Rich;
 - 1.1 to invest the monies in a section 78 2(A) account and;
 - 1.2 to purchase Unit Trust on her behalf
2. Credit the trust cash book and debit Mrs Rich's Trust Ledger Account

(1 mark for each entry in cash and ledger book (17)
and 3 marks for explanations