

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

15 FEBRUARY / 15 FEBRUARIE 2017

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

[15]

1.1 TRANSFER JOURNAL

Client (T)	Dr	4 500	
Client (B)	Cr		4 500
<u>Being transfer from Trust to Business</u>			

1.2 BUSINESS JOURNAL

Rich	Dr	7 500	
Poor	Cr		7 500
<u>Being incorrect (erroneous) debit being corrected</u>			

1.3 BUSINESS JOURNAL (FEE JOURNAL)

Fees	Dr	7 000	
Client	Cr		7 000
<u>Being correction of overcharge</u>			

1.4 BUSINESS JOURNAL

Mrs Cross	Dr	5 000	
Counsel	Cr		5 000
<u>Being fees due in divorce action</u>			

1.5 BUSINESS JOURNAL

Bad debts	Dr	2 500	
Client	Cr		2 500
<u>Being amount written off</u>			

(3 marks each Journal entry)

QUESTION 2 **[15]**

2.1 SUPPLEMENTARY CASH BOOK FOR JUNE 2016

Balance (1)	943 210	Cheque (error) (1)	104 930
Interest (1)	17 730	RD Cheque (1)	21 780
Error (1)	109 340	Error (Deposit) (1)	188 820
Deposit (1)	128 820	Balance (1)	883 570
	<u>1 199 100</u>		<u>1 199 100</u>

2.2 BANK RECONCILIATION STATEMENT AT 30 JUNE 2016

Overdraft as per Bank statement		319 580	(1)
Add: unpresented cheques		<u>179 980</u>	(1)
	O/D	499 560	
Less: deposit		<u>81 190</u>	(1)
	O/D	418 370	
Less: error cheque (business)		<u>1 342 300</u>	(1)
	Balance	923 930	
Less: error deposit (business)		<u>40 360</u>	(1)
	Cash book balance	<u>883 570</u>	

2.3 Ask the Bank to reverse the payment or pay the amount from Business to Trust (2)

TRUST CASH BOOK

4 Feb Purchaser	1 000 000	5 Feb Phoenix Bank	1 000 000
Purchaser	200 000	Corres (T/Duty)	150 000
26 Feb Phoenix Bank	1 005 800	26 Feb Corres	1 000 000
		T/F	45 600
		Purchaser	5 800
		Purchaser	4 400
	<u>2 205 800</u>		<u>2 205 800</u>

BUSINESS CASH BOOK

T/F	45 600	Corres	34 200
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(2 marks each =24)

TRUST LEDGER - PURCHASER

Cash – Correspondent	150 000	Cash - Deposit	1 000 000
Cash – Correspondent	1 000 000	Cash - Costs	200 000
Cash – Correspondent	45 600		
Cash – Correspondent	4 400		
	<u>1 200 000</u>		<u>1 200 000</u>

BUSINESS LEDGER - PURCHASER

Fee	<u>45 600</u>	T/F	<u>45 600</u>
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S78 (2) (A) – PHOENIX BANK (ITF PURCHASER)

Cash	1 000 000	Cash	1 005 800
Cash - Interest	<u>5 800</u>		<u> </u>

BUSINESS LEDGER - CORRESPONDENT

Fees	11 400	Fees	45 600
Cash	<u>34 200</u>		<u> </u>

FEEES

	Correspondent	10 000
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VAT

	Correspondent	1 400
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(1 mark each =16)

JOURNAL ENTRIES (BUSINESS)

Purchaser	Dr	45 600	
Correspondent	Cr		45 600

Being fees due to Correspondent

Correspondent	Dr	11 400	
Fees	Cr		10 000
Vat	Cr		1 400

Being allowance on Fees

(5 marks)

NOTES:

1. *Transaction dates should be shown in the ledger accounts.*
2. *Correspondent could be paid from the Trust banking account so that the first journal entry would not be necessary.*

TRANSFER OF PROPERTY

Proceeds from Bank		2 000 000
Cheque you		1 000 000
Transfer & bonds costs received		200 000
Paid Transfer Duty	150 000	
Fees on transfer	40 000	
Vat thereon	5 600	
Paid Seller	3 000 000	
Interest received on Investments		5 800
Cheque to you interest	5 800	
Cheque to you refund	4 400	
	<hr/>	
	3 205 800	3 205 800
	<hr/>	

(5 marks)

QUESTION 4

[20]

- 4.1 a) quarterly (2)
- b) names of each creditor and the amount due to the creditor (2)
total of the list (2)
total to be compared with total of trust money available on (2)
investments and in the bank.
- c) trial balance or ledger account (2)
- d) 5 years (2)

(12 marks)

- 4.2 either obtain written instructions from client or invest the monies in a Section 78 (2)(a) investment for the benefit of the Fidelity Fund

(8 marks)

TOTAL: [100]