

ATTORNEYS' EXAMINATION

PART 4

LEGAL PRACTITIONERS' BOOKKEEPING

22 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 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 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**[15]**

Your business cash book at 28 February 2019 reflects a balance of R111 000. A comparison of your cash book and bank statement reveal:

- 1 A direct deposit from a client for R100 000 not in the Cash Book.
- 2 Deposit of R1 283 incorrectly entered in C/B as R1 238.
- 3 Bank Charges R1 200 not in Cash Book.
- 4 Deposits totalling R60 000 made on 28 February 2019 are not reflected in the bank statement.
- 5 Debit order in favour of ABSA Bank for R26 920 appears on the bank statement only.
- 6 Bank incorrectly debited your account with R12 878.

You are required to:

Prepare the supplementary cash book at 28 February 2019 and to calculate the bank statement balance by preparing the bank reconciliation statement.

QUESTION 2**[60]**

You act for a client Siphon. You have the following transactions during the month of June 2019.

- a) Siphon instructed you to recover an amount of R50 000 from a debtor. You send a letter of demand in terms of the NCA. You debit a fee of R300 plus Vat. You have a response – the Debtor calls you and settles the debt. You debit collection commission of R2 000 plus VAT.
- b) Siphon also sells his property to Black for R7.5m. You are instructed to attend to the agreement and the registration of transfer. The Purchaser is liable for ALL costs of transfer including transfer duty.
- c) You receive the deposit of R1.5m which you are authorised to invest on behalf of Black. You invest the money with ABSA Bank. You receive a guarantee from Nedbank for R6m.
- d) You also receive (by EFT) the pro forma costs of transfer in the sum of R415 000. You pay transfer duty of R300 000.
- e) Siphon also consults you with regard to the registration of a company. He pays you R50 000 as cover for fees and disbursements. You instruct an agent to attend the registration of the company and pay the agents account of R20 000. Your fees are R20 000 plus Vat.

The transfer is registered. You receive R1.7m from ABSA Bank and R6m from Nedbank.

You are required to:

- 1) Record all the transactions in your books of account
- 2) Transfer monies when you are entitled
- 3) Prepare an accounting statement to Siphon

QUESTION 3

[25]

- 3.1 When is a practitioner obliged to register as a Vat Vendor? (2)
- 3.2 Describe in detail all the information that must be recorded on a Trust Receipt. (8)
- 3.3 You render an Attorney/Client account to your client in a defended civil action. Your client settles your account. A week later, you tax your party and party costs and the Defendant's attorney settles the party and party costs.
 - 3.3.1 Into which banking account will your client EFT your attorney/client costs. (2)
 - 3.3.2 Into which banking account will the Defendant's attorney EFT the taxed party and party costs. (2)
 - 3.3.3 Describe how you will account to your client. (5)
- 3.4 Explain what is a "Trust Reconciliation". (6)

- THE END -

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