

**ADMISSION EXAMINATION / TOELATINGSEKSAMEN  
LEGAL PRACTITIONERS' BOOKKEEPING / REGSPRAKTISYNSBOEKHOU  
PART 4 / DEEL 4**

**7 MARCH / MAART 2019**

**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]**

**Supplementary Business Cash Book for June 2018✓ (1)**

Deposit	150 000✓ (1)	Balance	300 000✓ (1)
Deposit error	180 000✓ (1)	Incorrect deposit	108 000✓ (1)
Balance	99 800✓ (1)	Bank Charges	5 600✓ (1)
		Interest	16 200✓ (1)
	429 800		429 800✓

**Bank reconciliation statement as at 30 June 2018✓ (1)**

Balance as per cash book	99 800(O/D)✓ (1)
Add: Bank error	105 000✓ (1)
Subtotal	204 800✓ (1)
Less: Outstanding eft	160 000✓ (1)
Balance as per bank statement	44 800(O/D)✓ (2)

**QUESTION 2****[40]****2.1**TRUST CASH BOOK

Nedbank - Sibusiso	1 000 000	Nedbank	1 000 000
Nedbank	250 000	Counsel – Sibusiso	150 000
Gloria	2 500 000	Capitec (Gloria)	2 000 000
Various Clients	3 500 000	ABSA	3 000 000
Gloria - Costs	250 000	Sars	200 000
ABSA	2 024 000	Fidelity Fund	24 000
Martin	500 000	Stock Broker	296 000
Stock Broker	<u>348 000</u>	Balance	<u>3 702 000</u>
	<u>10 372 000</u>		<u>10 372 000</u>
			(15)

TRUST LEDGERSIBUSISO

Counsel	150 000	Cash	1 000 000
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S 86(4) Sibusiso Nedbank

Cash	1 000 000	Cash	250 000
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GLORIA

SARS – Transfer Duty	200 000	Cash	2 500 000
		Cash Costs	250 000

S 86(4) GLORIA - CAPITEC

Cash	2 000 000	
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VARIOUS CLIENTS

		Cash	3 500 000
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S 86(3) ABSA

Cash	3 000 000	Cash	2 024 000
Fidelity Fund	24 000		

MARTIN TRUST LEDGER

Cash (Shares)	296 000	Cash	500 000
		Cash	348 000

(1 mark for each cash book and ledger entry) (33)

LIST OF TRUST CREDITORS

2.2	Sibusiso	850 000	
	Gloria	2 550 000	
	Sundry clients	3 500 000	
	Martin	<u>552 000</u>	
	<b>Total Trust liabilities</b>	<u><b>7 452 000</b></u>	<b>(3)</b>

2.3 Trust Funds Available:

As Per Trust Cash Book	3 702 000	
S86(4) Sibusiso	750 000	
S86(4) Gloria	2 000 000	
S86(3)	<u>1 000 000</u>	
	<u>7 452 000</u>	(4)

**QUESTION 3**

**[30]**

**Trust Cash Book**

Patricia	25000	Financial Adviser	3450
		Transfer to Business	11500
		Patricia	<u>10050</u>
	<u>25000</u>		<u>25000</u>

**Patricia Trust Account**

Financial Adviser	3450	Deposit	25000
Transfer to Business	11500		
Bank - Patricia	<u>10050</u>		
	<u>25000</u>		<u>25000</u>

**Business Cash Book**

Transfer ex Trust	11500		
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**Patricia (B)**

Fees and VAT	<u>11500</u>	Transfer ex Trust	<u>11500</u>
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**Fees**

		Patricia	10000
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**Output VAT**

			1500
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(1 mark for each cashbook and ledger entry)

(13)

<u>Fees Journal</u>		<b>(30)</b>
Patricia (B) Fees Output VAT Fees and VAT - Trust	11500	10000 1500  (5)
<u>Transfer Journal</u>		
Patricia (T) Patricia (B) Fees Transfer	11500	11500  (4)
<u>Accounting Statement</u>		
<u>Patricia</u>		
Deposit		25000
Paid Financial Adviser	3450	
Fees	10000	
VAT @ 15%	1500	
Cheque herewith	<u>10050</u>	—
	<u>25000</u>	<u>25000</u> (8)

**QUESTION 4** **[15]**

4.1.1 At the conclusion of the matter; (1)

4.1.2 Yes (1)

4.1.3 All monies received, all disbursements made, the fee charged plus Vat. (3)

4.2.1 An attorney must open a Trust Banking Account (section 86(2)), and record all transactions in a Trust Cash Book, Journal and Ledger. The attorney must also open a Business Banking Account and record all business transactions in a Business Cash Book, Journal and Ledger. The accounting records must record how ALL Trust monies are dealt with including disbursements, payments to third parties, fee transfers and payments to client.

4.2.2 Section 87 states that the accounting records must contain detail of

- (a) money received and paid on its own account;
- (b) money received and paid on account of any person;
- (c) money invested in terms of section 86;
- (d) any interest on such investments.

4.2.3 Accounting records include those relating to

- (a) money held in trust;
- (b) money invested (section 86);
- (c) any estate of which practitioners (or administrators on behalf of) is the executor, trustee or curator;
- (d) The affairs of the practice.

(10)

**NOTE TO EXAMINER:**

*Since most candidates will not have seen the new manuals do not penalise references to old sections:*

*78(1) instead of 86(2)  
78(2)(a) instead of 86(3)  
78 (2A) instead of 86(4)*



**TOTAL: [100]**

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