

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

20 FEBRUARY / FEBRUARIE 2020

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]

A journal is a book of prime entry which is used to record the money value of non-cash transactions. (1)

Fees Journal

The fees Journal is used to record the money value of the professional services rendered to a client. (1). The client's **Business ledger account** will be debited (1) with the fee to be charged and the **Fees account** (1) will be credited. The **Output Vat account** will be credited (if applicable) (1)
A narration would describe the nature of the transaction. (1) **(5)**

Transfer Journal

The Transfer Journal is used to transfer the **money value** (1) (not cash) from the **client's Trust ledger account** (1) to the **same client's Business ledger account** (1). The narration would describe the reason for the entry (1) **(4)**

Trust Journal

The Trust Journal is used to transfer value from **one client's Trust ledger account** (1) to **another client's Trust ledger account** (1). The narration would describe the reason for the transfer (1). **(3)**

Business Journal

The Business Journal is used to record the entries to be made to record the **money value of any non-cash**

Business transactions (1)

The narration would describe the nature of the transaction (1) **(2)**

QUESTION 2 **[20]**

1 Fees Journal (1)

Client Business account	5 750 (1)	
Fees account		5 000 (1)
Output Vat		750 (1)
Fees in respect of professional Services (1)		(5)

2 Trust Journal (1)

Sipho Trust account	8 000 (1)	
Madaline Trust account		8 000 (1)
Transfer of incorrect entry (1)		(4)

3 Transfer Journal (1)

Anthony Trust account	22 000 (1)	
Anthony Business account		22 000 (1)
Transfer of fees and disbursements (1)		

The balances after the transfer are

- Trust account credit Rnil (1)
 - Business account debit R11 000 (1) **(6)**
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4 Business. / Private Journal (1)

Motor Vehicle	230 000 (2)
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Fincor	230 000 (1)
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Purchase of Toyota as per financing agreement (1)	(5)
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QUESTION 3**[15]**

Supplementary Cash Book for June 2019 ½		15
Balance	40 000✓	Debit Order
		28 236✓
Interest	3 900✓	Bank Charges
		2 000✓
Correct deposit	25 360✓	Error deposit
		25 630✓
EFT	45 000✓	
		Balance
		<u>58 394✓</u>
	<u>114 260</u>	<u><u>114 260</u></u>

Bank reconciliation statement as at 30**June 2019 ½**

Balance as per bank statement	5 000✓
Less: Outstanding eft	<u>14 000✓</u>
Subtotal	19 000
Plus: Outstanding deposit	<u>11 000✓</u>
Subtotal	30 000
Add: Outstanding deposit	<u>41 000✓</u>
Subtotal	71 000
Less: Bank error trust deposit	<u>12 606✓</u>
Balance as per cash book	<u><u>58 394✓</u></u>

TRUST CASH BOOK

	Balance	3 000 000	16/7	ABSA	1 000 000
16/7	Baloyi	1 000 000	17/7	SARS	300 000
	Baloyi	500 000	2/8	Mabuza	10 000 000
2/8	Capitec	7 000 000	2/8	Fidelity Fund	5 000
2/8	ABSA	1 100 000	2/8	Baloyi	95 000
			2/8	Transfer	200 000
				Balance	1 000 000
		<u>12 600 000</u>			<u>12 600 000</u>

BUSINESS CASH BOOK

2/8	Transfer	200 000
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TRUST LEDGER

BALOYI

17/7	Cash	300 000	16/7	Cash	1 000 000
2/8	Cash	10 000 000		Cash	500 000
2/8		200 000	2/8	Lender	2 000 000
				Cash	7 000 000

BUSINESS LEDGER

BALOYI

2/8	Fees	200 000	2/8	Cash	200 000
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ABSA BANK (S86 (4))

BALOYI

16/7 Cash	1 000 000	2/8 Cash	1 100 000
2/8 Cash	5 000		
2/8 Cash	95 000		

TRUST LEDGER

LENDER

2/8 Baloyi	2 000 000	1/7 Bal	3 000 000
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FEES

		2/8 Baloyi	200 000
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(1 mark each entry)

Business Journal

Baloyi	Dr	200 000	
Fees	Cr		200 000
<u>Fees on Transfer of property Mabuza</u>			

(3)

Trust Journal

Lender	Dr	2 000 000	
Baloyi	Cr		2 000 000

(3)

Being loan on Second Bond

ACCOUNT TO BALOYI

EFT You		1 000 000	
EFT You		500 000	
Inv ABSA	1 000 000		
ABSA		1 100 000	
Capitec Bank		7 000 000	
Paid SARS	300 000		
Paid Fidelity Fund	5 000		
Paid You	95 000		
Paid Fees	200 000		
By Lender		2 000 000	
Paid Mabuza	10 000 000		
	<u>11 600 000</u>	<u>11 600 000</u>	(6)

QUESTION 5

[10]

- 5.1 No. (1)
- 5.2 Draw cash from your Business Account, pay the Bail, thereafter transfer the amount paid for bail from your Trust Account. (3)
- 5.3.1 monthly
5.3.2 quarterly
5.3.3 yearly (3)
- 5.4 When the business monies are part of "MIXED" monies (Trust & Business). Thereafter the monies are transferred from Trust to Business. (3)

TOTAL: [100]