DURATION: 3 HOURS            TOTAL MARKS: 100

INTERNAL EXAMINERS          : MR A DORASAMY/ MS A NAIR
INDEPENDENT MODERATOR      : MR I GANY

STUDENT NUMBER:              SEAT NO:

INSTRUCTIONS TO STUDENTS:

1. THIS PAPER COMPRISES FOUR COMPULSORY QUESTIONS.

2. THE QUESTION PAPER TOGETHER WITH THE ANSWER BOOK MUST BE HANDED IN AT THE END OF THE EXAMINATION.

3. PLEASE WRITE LEGIBLY.

4. PLEASE ENSURE THAT YOU ENTER YOUR STUDENT NUMBER AND SEAT NUMBER IN THE SPACE PROVIDED ON THIS PAGE AND ON THE COVER OF EACH ANSWER BOOK.

5. THIS PAPER CONSISTS OF FIVE (5) PAGES. IT IS YOUR RESPONSIBILITY TO ENSURE THAT YOU HAVE ALL OF THEM.
QUESTION 1 – 18 MARKS

Your Trust Cash Book as at 31 October 2016 reflects a favourable balance of R100 830. The Trust Bank Statement balance on the same date reflects a favourable balance of R107 140. A comparison of your Trust Cash Book and Trust Bank Statement reveals the following:

a) A cheque in the amount of R3 500 issued on 25 March 2016 has still not been presented to the bank for payment.
b) An unpaid cheque of R15 000 from a client has been returned by his bank marked “refer to drawer”.
c) A direct deposit of R30 000 from your client Mr Mkhize has not been entered in the cash book.
d) A deposit of R12 500 has been incorrectly entered in your cash book as R12 050.
e) A cheque for R6 270 has been incorrectly entered on your cash book as R6 720.
f) A deposit of R25 000 is not reflected on the bank statement.
g) Cheques totalling R6 000 have not been presented to the bank for payment.
h) A deposit of R10 000 made to the business bank account has been incorrectly credited by the bank to your trust account.
i) A business cheque for R3 990 has been incorrectly paid by the bank from your trust account.
j) The bank has inadvertently debited your trust bank account with bank charges of R300 instead of debiting your business account.
k) Interest of R200 on the favourable balance has not been entered in the cash book.

You are required to prepare:

1.1 The Trust Supplementary Cash Book for October 2016; and
1.2 The Trust Bank Reconciliation Statement as at 31 October 2016.
QUESTION 2 – 22 MARKS

You are instructed by Mr Brown to recover a debt of R10 000 from Debtor Green. The following actions take place:

a) You receive R1 000 in cash from Mr Brown as a deposit to cover your fees and disbursements in this matter.
b) You charge a letter of demand and summons fee of R300.
c) You pay the sheriff’s fee of R250.
d) Mr Green pays R2 000 of the debt.
e) You charge a collection commission fee of R200.

You are required to:

2.1 Enter the above transactions in all your books of record.
2.2 Transfer whatever you are entitled to, to your Business Account.
2.3 Account to your client. **There is no need to prepare an Accounting Statement.**
2.4 Make provision for VAT.
QUESTION 3 – 25 MARKS

You receive the following statement from your correspondent “ABC Attorneys” whom you instructed to attend to a collection matter on behalf of your client.

BEAUTY vs. BEAST

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Fee summons</td>
<td>900</td>
<td>300</td>
</tr>
<tr>
<td>To VAT</td>
<td>126</td>
<td>42</td>
</tr>
<tr>
<td>To paid Sheriff</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td>By Cash Beast</td>
<td></td>
<td>12 000</td>
</tr>
<tr>
<td>To Collection Commission</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>To VAT</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>Cheque herewith</td>
<td>10 808</td>
<td></td>
</tr>
</tbody>
</table>

You are required to:

3.1 Enter the above transactions in your accounting records.

3.2 Transfer whatever you are entitled to, to your Business Account.

3.3 Account fully to your client by preparing a detailed accounting statement.
QUESTION 4 – 35 MARKS

Mr Zama consults you to attend to the transfer of his property to Mr Green. The purchase price is R8 000 000 and is payable by way of a deposit of R 1 500 000 to be paid to the Conveyancer and to be invested in an interest bearing account for the benefit of Mr Green. The balance of R6 500 000 is to be secured by a bond in favour of Nedbank. All costs, including transfer duty and conveyancing costs, are payable by Mr Green.

Jan 2  Mr Green pays a deposit of R1 500 000 by way of a bank guaranteed cheque and the costs of R250 000 for the transfer by way of a cheque.

Jan 3  You receive the Nedbank Guarantee for R6 500 000. You invest the deposit of R1 500 000 with ABSA Bank.

Jan 4  You pay transfer duty of R150 000 (balance of R100 000 is for your conveyancing fees)

Jan 7  The bank advises you that the cheque of R250 000 has been dishonoured.

Jan 8  Mr Green pays you R250 000 in cash.

Jan 20  The transfer is lodged in the Deeds Office.

Jan 30  The transfer is registered. You receive two payments, R6 500 000 for the Nedbank Guarantee and R1 515 000 from ABSA BANK. You pay the interest to the beneficiary.

You are required to:

4.1  Record all of the above transactions in your books of account.

4.2  Transfer whatever you are entitled to, to your Business Account.

NOTE: You may ignore VAT.