

Tutorial Letter 101/3/2020

Financial Accounting Principles for Law Practitioners

FAC1503

Semesters 1 and 2

Department of Financial Accounting

This tutorial letter contains important information about your module.

NB: Please refer to **paragraph 8.5** of this tutorial letter on **plagiarism declaration**.

BARCODE

CONTENTS

Page

1	INTRODUCTION TO THE MODULE	4
1.1	Tuition material	5
2	PURPOSE AND OUTCOMES	6
2.1	Purpose	6
2.2	Outcomes	6
3	LECTURER(S) AND CONTACT DETAILS.....	7
3.1	Lecturer(s)	7
3.1.1	<i>Telephonic contact.....</i>	<i>7</i>
3.1.2	<i>Written correspondence.....</i>	<i>8</i>
3.1.3	<i>Personal visits.....</i>	<i>8</i>
3.1.4	<i>E-mail</i>	<i>8</i>
3.2	Department.....	9
3.2.1	<i>Student information hub.....</i>	<i>9</i>
3.2.2	<i>Postal address.....</i>	<i>9</i>
3.3	University	9
4	RESOURCES	9
4.1	Prescribed book(s).....	9
4.2	Recommended book(s).....	10
4.3	Electronic reserves (e-reserves)	10
4.4	Library services and resources information.....	10
4.5	myUnisa.....	11
5	STUDENT SUPPORT SERVICES.....	11
5.1	E-tutors.....	11
5.1.1	<i>What is the Unisa online tuition programme?.....</i>	<i>11</i>
5.1.2	<i>Where will I find my online tutoring group?.....</i>	<i>12</i>
5.1.3	<i>Is it mandatory to participate in e-tutor groups?</i>	<i>12</i>
5.1.4	<i>How do I post a discussion item on my group site?.....</i>	<i>12</i>
5.1.5	<i>To start a new topic for discussion:</i>	<i>12</i>
5.2	Face-to-face tutors.....	13
5.3	Free computers and internet access	13
6	STUDY PLAN.....	13
7	PRACTICAL WORK.....	13
8	ASSESSMENT	14
8.1	Assessment criteria.....	14

8.2	Assessment plan	16
8.3	Assignment numbers and due dates	18
8.3.1	<i>General assignment numbers</i>	18
8.3.2	<i>Unique assignment numbers</i>	18
8.3.3	<i>Assignment due dates</i>	18
8.4	Submission of assignments	18
8.5	Plagiarism declaration.....	19
8.6	The assignments	20
9	OTHER ASSESSMENT METHODS	20
10	EXAMINATION.....	20
10.1	Examination admission	20
10.2	Examination period.....	20
10.3	Examination paper	20
10.4	Supplementary/Aegrotat examinations.....	21
10.5	Previous examination papers	22
11	FREQUENTLY ASKED QUESTIONS	22
12	CONCLUSION.....	23
	ANNEXURE A: ASSUMED KNOWLEDGE	24
	ANNEXURE B: PROPOSED STUDY PROGRAMME FOR 2020.....	27
	ANNEXURE C: ASSIGNMENT 01 – FIRST SEMESTER	28
	ANNEXURE D: ASSIGNMENT 02 – FIRST SEMESTER	40
	ANNEXURE E: ASSIGNMENT 01 – SECOND SEMESTER.....	51
	ANNEXURE F: ASSIGNMENT 02 – SECOND SEMESTER	63

Dear Student

As part of this tutorial letter, we wish to inform you that Unisa has implemented a transformation charter based on five pillars and eight dimensions. In response to this charter, we have also placed curriculum transformation high on the agenda. For your information, curriculum transformation includes the following pillars: student-centred scholarship, the pedagogical renewal of teaching and assessment practices, the scholarship of teaching and learning, and the infusion of African epistemologies and philosophies. These pillars and their principles will be integrated at both the programme and module levels, as a phased-in approach. You will notice the implementation thereof in your modules, and we encourage you to fully embrace these changes during your studies at Unisa.

1 INTRODUCTION TO THE MODULE

We are pleased to welcome you to Financial Accounting Principles for Law Practitioners (FAC1503). This module **is compulsory** for LLB students.

We hope that you will find the module interesting and rewarding. We will do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and do the assignments properly.

Please ensure that you are registered for the correct semester, as you are obliged to write the examination for that semester. The examination for the first semester is written during May/June, while the examination for the second semester is written during October/November.

Please ensure that the details of your physical delivery address on myUnisa are correct, as some of your study material could be delivered via a Courier services. Therefore, if your details are not up to date, it could delay the delivery of your study material.

You will receive a number of tutorial letters during the semester. A tutorial letter is our way of communicating with you about teaching, learning and assessment. Right from the start, we would like to point out that you **should read all the tutorial letters** you receive during the semester, **immediately and meticulously**, since it **always contains important and sometimes, urgent information**.

This tutorial letter contains important information about the scheme of work, resources and assignments for this module. Please read it thoroughly and keep it at hand when working through the study material, completing the assignments, preparing for the examination and addressing questions to your lecturers.

MyUnisa is a secure website for all registered students at Unisa. Refer to the **Study@Unisa brochure** (<http://www.unisa.ac.za/brochures/studies>), which you received with your tuition material, **or** go to the **Unisa website** (<http://www.unisa.ac.za>) and select “myUnisa”, **for information on how to register as a myUnisa user**. Once you are **registered on myUnisa**, you will be able to **submit your assignments online, have access to the library functions, download study material, communicate with your fellow students and participate in online discussion forums**.

You will also have access to **a web-based e-mail account namely: *myLife***, from where you can send and receive e-mails to and from your lecturers.

We often place **important or general information, in the form of an announcement, on myUnisa. An e-mail will be sent to your myLife e-mail account to notify you when an announcement is placed on myUnisa. We therefore urge you to register on myUnisa and to go regularly on the myUnisa website.**

1.1 Tuition material

Unisa's **Department of Despatch** should supply you with the following tuition material for this module:

- **Tutorial Letter 101 (TL101)**

In tutorial letter 101, you will find the assignments and assessment criteria as well as instructions on the preparation and submission of the assignments. This tutorial letter also provides all the information you need about the prescribed study material, other resources and how to obtain it. Certain general and administrative information about the module are also included. **Please study this information thoroughly.**

- **Study guide**

There is only **one guide for the module**. It is very important to start your studies early in the semester.

- **Inventory letter**

When you enrolled, you received in addition to the available tuition material an inventory letter for the current academic semester.

Please compare the tuition material you have received with the inventory letter. You should have received all the items as specified in the inventory, **unless expressly stated otherwise (e.g. "out of stock")**. **Follow the instructions on the back of the inventory letter if any of the items are missing.** Also see the brochure entitled, ***Study@Unisa*** (<http://www.unisa.ac.za/brochures/studies>), which you received with your tuition material, **or** go to the **Unisa website** (<http://www.unisa.ac.za>) for further general and administrative enquiries regarding your tuition material.

Please note:

For any **enquiries about your study material**, please contact the **UNISA despatch department** by sending an e-mail to despatch@unisa.ac.za. Please **do not** contact the lecturers about study material not received.

- **Other tutorial letters**

You will receive a number of tutorial letters **during the semester**. These will include **solutions to the assignments, as well as additional questions with solutions**. **Some** of the tutorial letters **will be posted** to you **and some will only be available in an electronic format**. The tuition material in **an electronic format** will be available on **myUnisa** under **“Official study material” or under “Additional resources (refer to section 4.5)**.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The module purpose is to provide law students with a basic knowledge and understanding of accounting transactions essential to complete adequate accounting records for both the business and the trust creditors. The concept of trust money, including the applicable legislation, rules and accounting treatment of trust money will be dealt with in detail (i.e. provide a thorough knowledge).

2.2 Outcomes

Learning outcome 1

Know and understand the nature, functions and purpose of financial accounting and demonstrate efficiency in the knowledge and application of financial accounting theories, principles, policies, procedures and practices.

Learning outcome 2

Describe the different statements in the financial statements, know and understand the double-entry system, and the elements of the basic accounting equation.

Learning outcome 3

Know and understand the principles of VAT as well as the VAT terminology, how to calculate and record VAT in the accounting records.

Learning outcome 4

Know the different source documents and books of first entry used for each type of transaction in a law practice's business and trust sections, and how to record each transaction.

Learning outcome 5

Know what a bank reconciliation statement is, its purpose and how to prepare the statement.

Learning outcome 6

Know the respective ledgers used in a law practice's business and trust sections, how to post transactions to the ledger accounts and how to prepare a trial balance, trust creditors' listings, client listings and business creditors' listings.

Learning outcome 7

Understand the purpose of the transfer procedures and what a transfer journal is used for. Know how to comply with the transfer rules, requirements and procedures in terms of the Attorneys Act 53 of 1979, Legal Practice Act 28 of 2014 and the Rules for the Attorneys' Profession. Know how to calculate the amount that can be transferred from the trust creditors' ledger to the client ledger for each client and the amount that can be transferred from the trust bank account to the business bank account.

Learning outcome 8

Know the differences between sections 78(2)(a) and 78(2A) investments, as per the Attorneys Act 53 of 1979 and sections 86(2), 86(3) and 86(4) investments, as per the Legal Practice Act 28 of 2014. Understand who the beneficiaries of the interest are, how to treat the bank charges on the bank account and how to account for the investments, interest received and bank charges.

Learning outcome 9

Distinguish between the instructed attorney and the instructing attorney in instances where an attorney's practice makes use of a correspondent attorney to render services to clients on behalf of the practice and to know how to account for transactions entered into by the correspondent attorney in the accounting records of both the instructed attorney and the instructing attorney.

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)

The lecturers responsible for this module are listed below. Remember to have your student number at hand when you contact a lecturer in any of the following ways:

3.1.1 Telephonic contact

Lecturers are available for telephone enquiries from 08:00 to 16:00 on weekdays.

Telephone number: 012 429 4192

Please note:

This number is **linked to the telephone numbers of all the module lecturers**. Therefore, it **may take a little longer** before your phone call can be answered **if the first lecturer is not available** to answer your call, since **your call will then go to the next available lecturer**. Please **send an e-mail to the module-specific e-mail address as provided below if your phone call is not answered**, as the lecturers can be busy with other students and therefore not available.

E-mail address: FAC1503@unisa.ac.za

Lecturer's

Ms A van Niekerk

Building and office numbers

AJH v/d Walt, 2-23

Direct **all enquiries about the content of this module** to the **lecturer(s)**. Please **have your student number and study material at hand** when you contact the lecturer(s).

Please note:

Do **NOT** direct enquiries of an **administrative nature**, such as:

- **study material being late,**
- **registrations** (application for exemption),
- **examinations** (transfer of examination period),
- **assignments** (late submission or submission problems, assignments not correctly marked),
- **myLife e-mail account,**
- **Face-to-face tutor classes,**
- **learning/regional centres, etc.**

to the lecturers, since the lecturers will NOT be able to assist you (refer to sections 3.3 and 11).

The **contact details of the various administrative departments** are available in the **Study@Unisa brochure (<http://www.unisa.ac.za/brochures/studies>)**, which you received with your tuition material. This information is also available on the Unisa website at **<http://www.unisa.ac.za>**.

3.1.2 Written correspondence

Postal address

FOR ATTENTION: (Lectures: "module code")
Department of Financial Accounting
College of Accounting Sciences
AJH van der Walt Building
PO Box 392
UNISA
0003

When you address a letter to Unisa, **always mention your student number, the module code and your contact details at the top of the letter.**

Please note: Do not send letters to lecturers with or insert it into assignments.

3.1.3 Personal visits

To avoid any disappointment, **make an appointment with a lecturer**, as we are not always available.

Physical address

University of South Africa
Muckleneuk Campus
AJH van der Walt Building
Preller Street
Muckleneuk
Pretoria

Please have the **necessary study material and your questions about the content of this module with you** when you visit a lecturer. Unisa is an open distance learning institution. Therefore, **students must have studied the relevant sections related to the questions** they have about the **content of the module, before making an appointment with a lecturer.**

The lecturers unfortunately **do not have enough time at their disposal** to have a tutorial session on the relevant sections of the module with a student if the student has not already studied the relevant content of the module.

Student support such as **online tutor groups, Face-to-face tutors, etc.** is provided as **additional academic support (refer to section 5).**

3.1.4 E-mail

You can also communicate with the department via e-mail. Please note that feedback will not necessarily be given via e-mail. Therefore, **it is important to supply your student number, telephone number, e-mail address, postal address and the relevant module code.**

Please send all **enquiries about the content of this module**, which are **NOT** of an **administrative (academic) nature**, to the **module specific e-mail address FAC1503@unisa.ac.za**.

For **general application and registration enquiries**, send an e-mail to **study-info@unisa.ac.za**, or an **SMS to 43578**. Remember to **always include your student number**. Please take note that **students from abroad** cannot use the SMS option.

3.2 Department

3.2.1 Student information hub

Direct **any registration or administrative queries** relating specifically to the **College of Accounting Science (CAS)**, to the following e-mail address or telephone number:

- **CASenquiries@unisa.ac.za**
- 012 429 4211

3.2.2 Postal address

The Chair of the Department
Department of Financial Accounting
College of Accounting Sciences
AJH van der Walt Building
PO Box 392
UNISA
0003

When communication with Unisa in writing, **always mention your student number, telephone number, e-mail address, postal address and the relevant module code**.

3.3 University

Please refer to ***Study@Unisa* brochure (<http://www.unisa.ac.za/brochures/studies>)** for **e-mail addresses, telephone, fax and short SMS numbers** (please take note that **students from abroad** cannot use the **SMS** option) to which you must send your **administrative enquiries** such as: **applications, registrations, finance, student funding, study material, examinations, assignments, tutor classes, learning/regional centres, myUnisa and myLife e-mail accounts etc.** This information is also available on the Unisa website at **<http://www.unisa.ac.za>**.

4 RESOURCES

4.1 Prescribed book(s)

There is **no** prescribed book for this module.

4.2 Recommended book(s)

You may consult the following book if you need additional explanations and exercises: Adams, G, de Lange, S, Storm, A. 2017. *Accounting for Attorneys*. 2nd edition. LexisNexis.
For other sources, refer to those available at the library or on the library website.

Go to <http://oasis.unisa.ac.za> or to <http://my.unisa.ac.za> > Login > Library > Library catalogue via myUnisa, or to <http://oasis.unisa.ac.za/airpac>, for mobile access (AirPAC).

Books may also be requested from the library by completing a **request card** for each book. Request cards are included in your study package.

Post request cards to:

Unisa Library
PO Box 392
UNISA
0003

You may also **fax the request card** to: 012 429 8128.

4.3 Electronic reserves (e-reserves)

There are **no** e-reserves for this module.

4.4 Library services and resources information

The Unisa Library offers a range of information services and resources:

- for brief information go to: <https://www.unisa.ac.za/library/libatglance>
- for more detailed Library information, go to <http://www.unisa.ac.za/sites/corporate/default/Library>
- for research support and services (e.g. Personal Librarians and literature search services), go to <http://www.unisa.ac.za/sites/corporate/default/Library/Library-services/Research-support>

The Library has created numerous Library guides: <http://libguides.unisa.ac.za>

Recommended guides:

- request and find library material/download recommended material: <http://libguides.unisa.ac.za/request/request>
- postgraduate information services: <http://libguides.unisa.ac.za/request/postgrad>
- finding and using library resources and tools: http://libguides.unisa.ac.za/Research_skills
- frequently asked questions about the Library: <http://libguides.unisa.ac.za/ask>
- services to students living with disabilities: <http://libguides.unisa.ac.za/disability>

Important contact information:

- <https://libguides.unisa.ac.za/ask> - Ask a Librarian
- Lib-help@unisa.ac.za - technical problems accessing library online services
- Library-enquiries@unisa.ac.za - general library related queries
- Library-fines@unisa.ac.za - for queries related to library fines and payments

4.5 myUnisa

Please note that the study guide, as well as all the tutorial letters, is available on myUnisa. Go on the Unisa website (<http://www.unisa.ac.za>), click on myUnisa, log in, choose FAC1503 and click on "Official Study Material" in the menu on the left side. Study material that are **not available under "Official Study Material"**, will be **made available under "Additional Resources"**.

5 STUDENT SUPPORT SERVICES

The *Study@Unisa* brochure is available on myUnisa: www.unisa.ac.za/brochures/studies

The ***Study@Unisa* brochure** is a very important source of information for any general enquiries you may have, such as **how to submit assignments, what to do when you are sick during the examination, learning centres near you, etc.**

Always keep this brochure at hand and always refer to it to enable you to resolve your enquiries in the shortest possible time.

It is advisable to have **contact with fellow students**. One way to do this is to form **study groups**. Information on students in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
UNISA
0003

Another way to have contact with fellow students is via myUnisa. Students can communicate and assist each other using the **discussion forum link** available under each module code.

5.1 E-tutors

5.1.1 What is the Unisa online tuition programme?

Unisa is an open distance learning institution and is providing online tutorial services as part of student support. Previously, tutorials have been mainly offered face-to-face at the various regional centers.

Online tutorials allow a smaller group of students to interact with an academic instructor (tutor) on myUnisa to facilitate the learning process. Due to the large student numbers at Unisa, it is **not possible** for a lecturer to attend personally to **all enquiries from students or manage the online discussion forums.** Online tutor groups offer **personal attention and focused academic support from tutors.**

5.1.2 Where will I find my online tutoring group?

Each group has its **own separate site on myUnisa, which are numbered. Your group number will be sent to you via email and SMS.** There will now be **two group pages for modules with online tutorials**, namely the **main module site** for e.g. “**FAC1503(module code)–20(academic-year)–S1 (semester)**”, thus “**FAC1503-20-S1**” and the **e-tutor group module site** for e.g. “**FAC1503 (module code)–19(academic year)–S1(semester)–5E(number of E-tutor group)**”, thus “**FAC1503-20-S1-5E**”.

On the main module site, you will find the **official study material files that you can download.** You should also **submit your assignments here.** From time to time, **the primary lecturer of the module may communicate with all the students through this site.**

On the e-tutor group module site, you can **interact with your tutor and other group members.** Here you can **participate in discussions; post academic-related queries and receive specific tutor support.**

5.1.3 Is it mandatory to participate in e-tutor groups?

Participation in online discussions is not mandatory, and therefore no marks will be awarded for participating. The e-tutor groups merely form part of the support structure designed to help you with and guide you through your studies. **We encourage you to make use of this service to get assistance with any academic-related queries and to help you understand study material and study problems, acquire learning skills, etc.**

5.1.4 How do I post a discussion item on my group site?

You have **two options** for participating in online discussions: **you can either reply to an existing discussion or start a new one.**

Here are the step by step instructions for writing a comment and participating in an online discussion for the first time:

5.1.5 To start a new topic for discussion:

- On your group site on myUnisa, go to the discussions by clicking the “**Discussions**” link in the left menu. Once you have done this, you should see a list of the available forums.
- Click on the title of a forum to view the current discussion topics. If there are no previous topics, this page will be empty.
- Click on the “**New topic**” link in the top horizontal menu.
- You can now write your comment. Enter the details for “Subject” and “Message”. (**An important tip:** Don’t write your comment directly in the editor. First write it down somewhere else. Why? If you lose your internet connection, at least you won’t have lost everything!).
- Remember to click “**Save**”.

5.1.6 To reply to another student's comments

- On your group site on myUnisa, go to the discussions by clicking the “**Discussions**” link in the left menu.
- Click on the title of a forum to view the ongoing discussion topics.
- Click on the title of the discussion topic you want to read or participate in.
- Once you've read the other students' comments, you may want to reply to some of them. For each comment, there is a link entitled “**Reply**”. Click this link to open the online editor and write your reply.
- Remember to click “**Save**”.

5.2 Face-to-face tutors

Face-to-face tutors are **tutors appointed to give class on Saturdays** to students of Unisa. **It is free, and you only need to register at one of the regional centers nearest to you to attend these classes. Please contact these centres directly.**

Please do not contact the lecturers to find out about the classes, since **the lecturers will not be able to assist you with any information concerning the activities of the regional centres.**

Students who are interested in **tutor assistance can obtain the telephone numbers and details off the learning centres** in the ***Study@Unisa* brochure (<http://www.unisa.ac.za/brochures/studies>)** and from the Unisa website (<http://www.unisa.ac.za>).

5.3 Free computers and internet access

Unisa has entered into partnerships with establishments (referred to as **Telecentres**) in various locations across South Africa to enable you (as a Unisa student) free access to computers and the Internet. **This access enables you to conduct the following academic related activities:** registration; online submission of assignments; engaging in e-tutoring activities and signature courses; etc.

Please note that any **other activities outside of these** are for your **own costing** e.g. printing, photocopying, etc. For more information on the **Telecentre nearest to you**, please visit **www.unisa.ac.za/telecentres**.

6 STUDY PLAN

Refer to the ***Study@Unisa* brochure (<http://www.unisa.ac.za/brochures/studies>)** for information on **general time management and planning skills**. A proposed **study programme** is attached as **Annexure B**.

7 PRACTICAL WORK

There are **no** practical assessments for this module.

8 ASSESSMENT

8.1 Assessment criteria

Learning outcome	Assessment criteria
1	<ul style="list-style-type: none">• Discuss the nature of accounting• Name the different users of financial information and their needs• Explain the difference between financial and management accounting• Describe what internal control is• Discuss the built-in control measures in a law practice• Discuss the internal control systems applicable to a law practice• Explain the acronyms IFRS, IASB, FRSC and SAICA, and know what they entail• Describe the objectives of creating accounting standards• Describe what the concept “Conceptual Framework” entails• Name the financial frameworks that is acceptable in terms of the Rules of the Attorneys’ Profession.• Explain the underlying assumptions when preparing financial statements per the Conceptual Framework• Discuss the qualitative characteristics of financial statements per the Conceptual Framework• Discuss each of the following terms per IAS 1:<ul style="list-style-type: none">- fair presentation- going concern- accrual basis of accounting- materiality and aggregation- fundamental qualitative characteristics- offsetting other qualitative characteristics- frequency of reporting
2	<ul style="list-style-type: none">• Discuss the elements of financial statements as explained in the Conceptual Framework and indicate which elements pertain to the statement of financial position and which to the statement of profit or loss and other comprehensive income• Apply the definition of assets, liabilities, equity, expenses and income to categorise accounting transactions• Explain the principle of debits and credits• Know and apply the double entry rule• Know and apply the rule of cross reference• Demonstrate what the effect of the different types of transactions have on the accounting equation• Explain when a ledger account is debited or credited• Discuss the elements of financial statements as explained in the Conceptual Framework• Indicate which elements pertain to the statement of financial position and which to the statement of profit or loss and other comprehensive income

2 (contd)	<ul style="list-style-type: none"> • Apply the definition of assets, liabilities, equity, expenses and income to categorise accounting transactions • Explain the principle of debits and credits • Know and apply the double entry rule • Know and apply the rule of cross reference • Demonstrate what the effect of the different types of transactions have on the accounting equation • Explain when a ledger account is debited or credited
3	<ul style="list-style-type: none"> • Demonstrate an understanding of the principles and application of VAT • List and explain relevant VAT terminology • Calculate the amount of VAT applicable • Record all VAT transactions
4	<ul style="list-style-type: none"> • Know the accounting process • Distinguish between books of first entry and ledgers • Distinguish between cash and non-cash transactions • Identify trust and business transactions • Demonstrate an understanding of the differences between trust and business money • Determine which journal should be used for each transaction • Explain the principle of trust and business cash journals • Distinguish between the cash receipts journal and cash payments journal • Distinguish between the trust and business cash journals (bank accounts) • Explain the principle of a petty cash book • Record petty cash transactions and balance the petty cash book • List the various journals and describe their separate functions <ul style="list-style-type: none"> - fees journal, advocate journal, sheriff journal, and general journal • Explain when a journal is used • Prepare the different journal entries • Understand and know what entries to make when receiving and paying accounts on behalf of clients for: <ul style="list-style-type: none"> - counsel's fee; - tracing agents' fees; - witness fees; - advocate fees; and - sheriff fees
5	<ul style="list-style-type: none"> • Explain the purpose of a bank reconciliation • List the various reconciling items • Prepare a bank reconciliation statement
6	<ul style="list-style-type: none"> • Explain the reasons for using a ledger • List the various ledgers • Understand the posting process to the trust and business ledgers • Do the posting of a transaction from books of first entry to the ledger accounts • Balance the ledger account

6 (contd)	<ul style="list-style-type: none"> • Interpret a ledger account • Extract a trail balance and prepare listings of trust creditors, clients and business creditors
7	<ul style="list-style-type: none"> • Explain the function of the transfer journal • Know and comply with the transfer rules and requirements in terms of the Attorneys Act 53 of 1979, the Legal Practice Act 28 of 2014 and the Rules for the Attorneys' Profession • Define the objectives of transfer procedures • Follow the transfer procedures • Calculate the amounts that must be transferred from the trust creditors ledger to the client ledger for each client • Calculate the total amount that must be transferred from the trust bank account to the business bank account
8	<ul style="list-style-type: none"> • Demonstrate knowledge of the Attorneys Act 53 of 1979, the Legal Practice Act 28 of 2014 and the Rules for the Attorneys' Profession (and rulings where applicable) • Know the important sub-sections of section 78 of the Attorneys' Act (subsections 78(2), 78(3), 78(4) and 78(6)) • Know the important subsections of section 86 of the Legal Practice Act (subsections 86(2), 86(3), 86(4) and 78(5)(a)) • Apply section 78 of the Attorneys' Act to a given set of facts • Apply section 86 of the Legal Practice Act to a given set of facts • Distinguish between a section 78(2)(a) and 78(2A) investment • Distinguish between a section 86(3) and 86(4) investment • Explain how the interest received is dealt with in each case • Identify the beneficiaries of investment interest • Record trust investment transactions in the accounting records
9	<ul style="list-style-type: none"> • Define the term "correspondent" • Distinguish between the instructing and instructed correspondent • Prepare the instructed attorney's correspondent account statement • Demonstrate an understanding of the correspondent allowance • Calculate the correspondent allowance • Calculate the collection commission • Record all correspondent transactions in the accounting records of the instructing and instructed correspondent

8.2 Assessment plan

To enable students to benefit fully from our formative tuition and assessment, the management of Unisa has taken a decision to introduce **two compulsory assignments** in all modules to be submitted by set due dates. When you submit the **first compulsory assignment by its due date, you will gain admission to the examination** in the particular module. **The solutions for the two compulsory assignments will be provided to you in two separate tutorial letters, one for each compulsory assignment.**

The marks obtained in the **two compulsory assignments** will **contribute equally (50%)** towards your **year mark**. Your **year mark** will contribute **20%** towards your **final mark** and your **examination mark** will contribute **80%**. Your **year mark will not be taken into account** if you obtained **less than 40% in the examination**. You require a **final mark of 50%** to pass FAC1503.

The year mark (that is part of the final mark) is calculated as follows:

50% of the mark obtained for Assignment 01	plus	50% of the mark obtained for Assignment 02
---	-------------	---

If you **only submit Assignment 01**, your **year mark will be 50% of the mark obtained for Assignment 01**. This will then be your year mark out of a possible 100%. If, for example, you obtain **80% for Assignment 01** and **do not submit Assignment 02**, your **year mark will be 50% of the 80% you obtained for Assignment 01, thus 40%**. A year mark can often cause a student to pass or fail a module.

According to Unisa policy, you require **at least 40% in the examination before** your year mark may be taken into consideration (refer to “*” in column C in the underneath example).

In other words, if you **do not obtain at least 40% in the examination**, you will **automatically fail**, and **your final mark will be the mark you obtained in the examination**.

You require a **final mark of at least 50%** to pass a module. This **final mark** is calculated as follows: **(20% x the year mark) + (80% x mark obtained in the examination)**

Example:

	A	B	C	D
	Average mark for Assignments 01 & 02 (year mark)	Year mark contribution to final mark at 20%	Examination mark contribution required to pass (50% year mark)	Minimum examination mark required to pass (C ÷ 0,8)
Student 1	100%	20%	*	40%
Student 2	70%	14%	36%	45%
Student 3	50%	10%	40%	50%
Student 4	30%	6%	44%	55%
Student 5	20%	4%	46%	58%
Student 6	10%	2%	48%	60%
Student 7	0%	0%	50%	63%

If you **obtain between 40% and 49% as a final mark**, you may write a **supplementary examination**, which will be written at the **end of the next semester**. To pass this **supplementary examination**, you must obtain **at least 50% in the examination**. Therefore, if you qualify for a **supplementary examination** in May/June 2020, you will write the FAC1503 paper in October/ November 2020, and if you qualify for a **supplementary examination** in October/November 2020, you will write the FAC1503 paper in May/June 2021. **However, you may write only one supplementary examination** for every module that you are registered for.

Please ensure that the **compulsory assignments** reach Unisa **before the due dates**. If you submit **Assignment 01** late, you will **not** be allowed to write the examination.

If for any reason you want to **transfer your examination period** for FAC1503 to a following semester, you will need to submit **Assignment 01** **and** **Assignment 02** before the due dates in the semester for which you **originally registered** for the module. The year mark you obtain will then be **carried forward** to the **next semester**. You will **not** be allowed to submit any assignments in the semester to which you have changed for examination purposes.

By applying to have your **module moved to a following semester**, you are in effect applying for an **aegrotat examination**. However, **you still need a year mark that will be taken into account** as explained above – hence, the need to **submit the compulsory assignments in the semester for which you originally registered**.

8.3 Assignment numbers and due dates

8.3.1 General assignment numbers

Assignments are numbered consecutively per module, starting from 01.

8.3.2 Unique assignment numbers

Semester	Assignment	Unique numbers
First semester	01	762920
First semester	02	700523
Second semester	01	505948
Second semester	02	571826

8.3.3 Assignment due dates

Semester	Assignment	Due dates
First semester	01	04 March 2020
First semester	02	08 April 2020
Second semester	01	19 August 2020
Second semester	02	16 September 2020

8.4 Submission of assignments

For more **information and requirements of assignments**, refer to the ***Study@Unisa* brochure** (<http://www.unisa.ac.za/brochures/studies>), which you received with your study package, **or** go to the **Unisa website** (<http://www.unisa.ac.za>).

To submit an assignment via myUnisa:

- Go to myUnisa (<http://www.unisa.ac.za>).
- Log in using your student number and password.
- Select the module.
- Click on "Assignments" in the menu on the left-hand side of the screen.
- Click on the assignment number you wish to submit.
- Follow the instructions.

Please note:

For enquiries about assignments, follow the same procedure as above. The date received and/or returned will be reflected next to the assignment number. Please take note that the **marks will only be released after the due dates of assignments.** You can also use the following direct address for myUnisa: <http://my.unisa.ac.za>. **If you do not have internet access**, you can send an **SMS to 43584** with your enquiry. Remember to **include your student number in the SMS**. Please take note that **students from abroad** cannot use the SMS option.

8.5 Plagiarism declaration

PLAGIARISM DECLARATION

I declare that this assignment, submitted by myself, is my own work and that I have referenced all the sources that I have used.

By submitting any FAC1503 assignment, I declare that:

- I have read the Unisa Student's Disciplinary Code (visit www.unisa.ac.za/unisarules to read Unisa's student disciplinary code and rules);
- I know what plagiarism is, that plagiarism is wrong and that disciplinary steps can be taken against me if I am found guilty of plagiarism;
- My assignments for FAC1503 are my own work;
- I have not allowed any other student to copy my own work;
- I know that if I am found to be in violation of this declaration, I will receive 0% for the assignments involved.

Please note: You do not have to submit the declaration. By submitting any FAC1503 assignment, you automatically declare that you adhere to all the above with regard to the specific assignment.

NB: Although students may work together when preparing assignments, each student must write/type and submit his or her own individual assignment. It is unacceptable for students to submit identical assignments on the basis that they worked together. That is copying (a form of plagiarism) and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.

8.6 The assignments

Assignments are attached as annexures as follows:

Annexure C: Assignment 01 – first semester

Annexure D: Assignment 02 – first semester

Annexure E: Assignment 01 – second semester

Annexure F: Assignment 02 – second semester

9 OTHER ASSESSMENT METHODS

There are no other assessment methods for this module.

10 EXAMINATION

Refer to the **Study@Unisa brochure** (<http://www.unisa.ac.za/brochures/studies>) for **general examination guidelines**, as well as **examination preparation guidelines**.

10.1 Examination admission

You must **submit Assignment 01 to be admitted to the examination**. However, **both Assignment 01 and Assignment 02** will contribute towards your year mark.

It will be to your own advantage if you work through and hand in both compulsory assignments, since the assignments provide practice, which is essential for your studies of financial accounting.

The assignments contain valuable revision material and ensure not only that you work through the entire study guide, but also throughout the semester.

10.2 Examination period

This **module is offered over a semester period** of fifteen weeks. It means that if you are registered for the **first semester**, you will write the examination in **May/June 2020** and may write the **supplementary examination** in **October/November 2020** if applicable. If you are registered for the **second semester**, you will write the examination in **October/November 2020** and may write the **supplementary examination** in **May/June 2021** if applicable.

During the semester, the **Examination Section** will provide you with **information about the examination in general as well as examination venues, dates and times**. This information is also available on **myUnisa**. When logged in on myUnisa, click on the **"Examination timetable"** link which can be found **under each module code**.

10.3 Examination paper

At the end of the semester (May/June for the first semester, and October/November for the second semester) you will be required to write a two-hour examination for the module FAC1503. The examination paper may consist of a combination of multiple-choice questions and long questions or it may only consist of long questions.

You will be allowed to use a non-programmable pocket calculator. The official calculator policy of Unisa is given below for your information:

Calculator policy

Candidates may only use silent, electronic, battery-driven pocket calculators subject to the following conditions:

- Calculators must be cordless, and may not have print-out facilities or alpha keys;
- Any financial calculator will be allowed, as the following tables will not be provided:
 - Tables of present value factors for various discount rates for varying periods; and
 - Tables of future value factors for various interest rates for varying periods;
- The calculator function on mobile telephones or any electronic device (i.e. laptops and/or any Smart Phone) may not be used; and
- Candidates may not share a calculator with another candidate in the examination room.

The examination paper will be a **fill-in examination paper**, meaning that **the questions must be answered in your examination paper on the pages provided**. You, therefore, **do not** have to draw your own columns, T-accounts etc. as required in the previous examination papers.

If there is **not sufficient space** in the **columns, T-accounts etc. provided**, you may use **any available space**. **Please ensure that you indicate clearly which question the answer relates to.**

When answering a question, always read the "REQUIRED" section first, before reading through all the information. In this way, you will know immediately what information is needed to answer the question. If you read the question in its entirety without knowing what is required, you will have to read all the information again and thereby waste precious time in this manner.

We advise you to **consult the examination timetable well in advance** to plan for your final revision programme. **Report any examination problems (e.g. clashes of dates) directly to the Examination Section**. Please start studying early to avoid cramming at the last moment.

Ensure that you have received all solutions to assignments at least two weeks before the examination. **No solutions to the assignments will be faxed to students in the 14 days prior to the examination.** The **solutions to the assignments** are available on **myUnisa** under **"Official study material"**.

10.4 Supplementary/Aegrotat examinations

If you **qualify** for a **supplementary examination** or applied for an **aegrotat examination** then, **no further study material will be supplied** to you **during the following semester**, and you must **not submit any assignments**. However, it is **your own responsibility** to **contact the lecturers** to find out if there were any **changes and/or additions to the study material**, as well as **new tutorial letters and examination information**.

10.5 Previous examination papers

Some previous examination papers are available on myUnisa. **Suggested solutions to previous examination papers, will not be made available to students.**

Please note that a new syllabus has been introduced for FAC1503 from 2018. The previous examination papers will therefore contain questions that are no longer relevant in the current syllabus. Please ensure therefore that you use the study guide as guidance regarding relevant topics when attempting previous examination or other questions.

11 FREQUENTLY ASKED QUESTIONS

The **Study@Unisa** brochure (<http://www.unisa.ac.za/brochures/studies>) contains an A to Z guide of the most relevant study information. This information is also available on the **Unisa website** at <http://www.unisa.ac.za>.

The following are the questions most frequently asked:

- **My assignment is late. Will you please still mark it?**

Answer:

FAC1503 assignments are in a **multiple-choice format** and are **marked by a computer**. The academic planner determines the marking date. **The lecturing staff does not have the authority to change these dates**. If your assignment is late or not marked, it most probably did not reach the Assignment Section on time. **All inquiries in this regard** must be sent via e-mail to the Assignment Section to **assignments@unisa.ac.za**.

- **My assignment marks are incorrect.**

Answer:

The **marking of assignments is an automated process** and is **done according to a present marking scheme**. Sometimes we may only notice that some ambiguities exist **after** the completion of the assignments. In this case, the applicable question will be **excluded** from the marking process, and students will **not** be penalised. You can e-mail **assignments@unisa.ac.za** for **any enquiries regarding your assignment marks**.

- **I am overseas and cannot submit my first assignment on time.**

Answer:

If your **first assignment** is **not** submitted on time, you will **not** be allowed to write the forthcoming examination. You must e-mail **exams@unisa.ac.za** timeously to make alternative arrangements.

- **I received my study material too late to submit my first assignment on time.**

Answer:

You will have to **prove** that you indeed received your study material late and **submit this proof with a motivated request to examadmission@unisa.ac.za**.

12 CONCLUSION

In spite of the care taken to ensure that all study material is correct, you may still find errors, omissions or other discrepancies. Should you come across such matters or find that parts of the study material are not clearly expressed, kindly let us know to enable us to make the necessary corrections.

We trust that you will find this module rewarding and wish you success with your studies.

Yours sincerely

FAC1503 lecturers

ANNEXURE A: ASSUMED KNOWLEDGE

We assume that students have the knowledge to do some elementary calculations. Some of these calculations are discussed in the following sections to help those students who wish to acquaint themselves with the relevant topics.

1 RATIOS

Percentage as a ratio

A percentage can also be regarded as a ratio: a ratio to 100. It means that a ratio of 15% actually means 15 out of 100, or $15 \div 100$. If a student obtained 43 marks out of 60, his ratio will be as follows:

43 to 60 (indicated as 43:60), or
 $43 \div 60 \times 100 = 71,7\%$ (or 71,7 out of 100, or 71,7:100)

By dividing both sides of the colon by 100, you get a ratio of 0,717:1

Similarly, if the sales of an entity amount to R245 000 and the gross profit on these sales is R147 000, the percentage gross profit is:

$R147\ 000 \div R245\ 000 \times 100 = 60\%$

Calculating a percentage of an amount or figure

For example, what is 13% of R3 900?

The 13% actually means 13 out of 100, or $13 \div 100$, and the word "of" means "multiply by".

Therefore, 13% of R3 900 can be read as:

$13 \div 100 \times R3\ 900,00 = R507,00$

or, when using a pocket calculator: $R3\ 900 \times 0,13 = R507,00$. (By using the factor of "0,13", you have already divided the 13 by 100. **All percentages** can be used in this manner.)

Relating the price of a number of items to a single item

For example, if R39,52 is paid for 13 items, then one item will cost $R39,52 \div 13 = R3,04$. This amount can then be used to calculate the price of other quantities of the same type, for example, 27 items will cost $27 \times R3,04 = R82,08$.

2 INTEREST

Interest is in effect payment for the use of somebody else's money and is therefore the "price" of money, or a finance cost.

Interest can be receivable (e.g. interest on investments) or it can be payable (e.g. interest on loans, bonds or debentures).

To calculate interest, one needs the following:

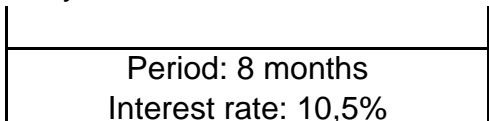
The **amount** involved,

The **interest rate** at which it is invested/borrowed

The **period** for which it is invested/borrowed

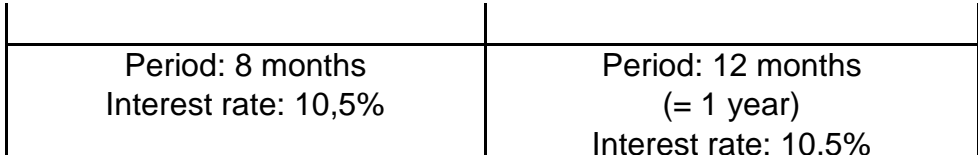
Whenever a period is involved, you can consider using a **"timeline"** to help you with the calculation. A timeline can be prepared as follows:

(a) Information:

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 2019 to 31 December 2019	8 months
1 May 2019	31 Dec 2019
	

Total period = 8 months (or $\frac{2}{3}$ of a year = 0,6667 years)

(b) Information:

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 2018 to 31 December 2019	1 year and 8 months (or 20 months)
1 May 2018	31 Dec 2018
	1 Jan 2019
	31 Dec 2019
	

Total period = 20 months (or $1\frac{2}{3}$ of a year = 1,6667 years)

Examples

2.1 Period shorter than one year

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 2018 to 31 Dec 2018	8 months
Calculation of interest:	
$R12\ 000 \times 10,5 \div 100 \times 8 \div 12$	= <u>R840</u>
OR: $R12\ 000 \times 0,105 \times 8 \div 12$	= <u>R840</u>
OR: $R12\ 000 \times 0,105 \times 2 \div 3$	= <u>R840</u>
OR: $R12\ 000 \times 0,105 \times 0,6667$	= <u>R840</u>

2.2 Period longer than one year

Amount invested (or borrowed)

R12 000

Interest rate

10,5%

Period: 1 May 2018 to 31 Dec 2019

1 year and 8 months (or 20 months)

Calculation of interest:

$R12\ 000 \times 10,5 \div 100 \times 20 \div 12$

= R2 100

OR: $R12\ 000 \times 0,105 \times 20 \div 12$

= R2 100

OR: $R12\ 000 \times 0,105 \times 5 \div 3$

= R2 100

OR: $R12\ 000 \times 0,105 \times 1,6667$

= R2 100

ANNEXURE B: PROPOSED STUDY PROGRAMME FOR 2020

Please note:

The **due date** is the date on which the assignment **must reach** the Unisa campus in Pretoria. Therefore, if you are using the postal services please provide sufficient time for any delays due to your distance from Pretoria. You can also submit the assignments via the **Unisa Mobile MCQ Application** or **myUnisa**.

First semester

Date	Study material and assignments
27/01 to 15/02	Study learning units 1 to 6.
17/02 to 22/02	Do Assignment 01.
24/02	Mail Assignment 01.
04/03	Due date: Assignment 01 (compulsory for examination admittance)
24/02 to 20/03	Study learning units 7 to 9.
23/03 to 28/03	Do Assignment 02.
30/03	Mail Assignment 02.
08/04	Due date: Assignment 02 (compulsory)
30/03 to 04/04	Do comprehensive exercises in the study guide.
06/04 to 09/04	Work through tutorial letter 102.
14/04 to 18/04	Revise Assignments 01 and 02.
20/04 to 25/04	Work through previous examination papers.
28/04 until the examination	Do revision and prepare for the examination.
May/June examination (study units 1 to 9)	

Second semester

Date	Study material and assignments
13/07 to 01/08	Study learning units 1 to 6.
03/08 to 08/08	Do Assignment 01.
11/08	Mail Assignment 01.
19/08	Due date: Assignment 01 (compulsory for examination admittance)
11/08 to 29/08	Study learning units 7 to 9.
31/08 to 05/09	Do Assignment 02.
07/09	Mail Assignment 02.
16/09	Due date: Assignment 02 (compulsory)
07/09 to 12/09	Do comprehensive exercises in the study guide.
14/09 to 19/09	Work through tutorial letter 102.
21/09 to 26/09	Revise Assignments 01 and 02.
28/09 to 03/10	Work through previous examination papers.
05/10 until the examination	Do revision and prepare for the examination.
October/November examination (study units 1 to 9)	

ANNEXURE C: ASSIGNMENT 01 – FIRST SEMESTER

**THIS ASSIGNMENT IS COMPULSORY FOR FIRST SEMESTER EXAMINATION
ADMITTANCE**

**DUE DATE: 04 MARCH 2020
UNIQUE NUMBER: 762920**

Please take note of the following:

- Do **NOT** submit assignments by means of fax or e-mail.
- Answer this assignment on a **mark-reading sheet** or submit it via the **Unisa Mobile MCQ Application** or via **myUnisa**. This assignment is **marked electronically**, hence the **strict adherence** to the due date.
- **Before** attempting this assignment, please read **paragraph 8.5** of this tutorial letter **on plagiarism**.
- We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephone conversations in this regard.
- Important aspects regarding multiple-choice questions (MCQ assignments):
If you **do not** submit Assignment 01 electronically via the **Unisa Mobile MCQ Application** or via **myUnisa**, you will need a mark-reading sheet. Before completing the mark-reading sheet, please see the **instructions contained in this year's issue of *Study@Unisa***. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
- Carefully work through the relevant tuition material **before** you attempt this assignment.

Before you answer the questions of this assignment, you must study learning units 1 to 6 of your study guide and consists of 15 multiple-choice questions. Do this assignment on a mark-reading sheet or submit it via the Unisa Mobile MCQ Application or via myUnisa.

**Please note: Each question has only one correct answer.
Where applicable round all answers off to R.**

ASSIGNMENT 01 – SEMESTER 1

1. Two fields of accounting have developed as a result of the two categories of users of financial information, namely financial accounting and management accounting.

Which one of the following statements regarding financial accounting and management accounting is **incorrect**.

- (1) Management accounting provides financial information for specific purposes.
 - (2) Financial accounting is governed by the International Financial Reporting Standards (IFRS), which ensures the comparability of financial statements between entities.
 - (3) Managers use the financial information provided by financial accounting in their decision-making, which leads to the achievement of the objectives of the entity.
 - (4) Financial accounting is concerned with the recording of transactions and the preparation of financial statements for the entity as a whole.
 - (5) Financial accounting is concerned with the provision of financial information to mainly external parties, while management accounting is concerned with the provision of financial information to people within the entity.
2. In terms of the conceptual framework, the information used in the preparation of financial statements is grouped into elements according to their economic characteristics. The elements directly related to the **financial position** in the statement of financial position are assets, liabilities and equity and are defined as follows:
 - (a) Assets are all the resources of an entity, that are controlled by the entity as a result of past events and from which an outflow of economic benefits from the entity are expected.
 - (b) Equity represents the interest of the owners in the net assets of an entity, i.e. those assets against which there is no claim from other parties.
 - (c) Liabilities are present obligations arising from past events, which are expected to result in the outflow of economic benefits from the entity.
 - (d) Equity is the remaining interest in the assets of the entity before deducting all its liabilities.
 - (e) Assets are all the resources in an entity, that are controlled by the entity as a result of past events and from which economic benefits are expected to flow to the entity.
 - (f) Liabilities are past obligations arising from present events, which are expected to result in the outflow of economic benefits from the entity.

Which of the above statements regarding these elements are **incorrect**?

1. (c), (d) and (e)
2. (a), (b) and (c)
3. (d), (e) and (f)
4. (a), (d) and (f)
5. (b), (c) and (e)

ASSIGNMENT 01 – SEMESTER 1 (continued)

3. The double-entry system is based on the fact that every transaction affects two or more accounts. For every debit, (left) entry there should be a corresponding credit (right) entry for the same amount. In order to be consistent, all entities must apply the double-entry rules. The rules are applied as follows:

	Dr	Income & Assets	Cr		
(a)	<table><tr><td>– (decrease)</td><td>+ (increase)</td></tr></table>		– (decrease)	+ (increase)	
– (decrease)	+ (increase)				

	Dr	Assets & Expenses	Cr
(b)	+ (increase)	– (decrease)	

	Dr	Equity & Income	Cr
(c)	– (decrease)		+ (increase)

	Dr	Liabilities & Expenses	Cr
(d)	+ (increase)	– (decrease)	

	Dr	Assets & Equity	Cr
(e)	+ (increase)	– (decrease)	

	Dr	Liabilities & Income	Cr
(f)	– (decrease)		+ (increase)

Which options illustrated the double-entry rules **correctly**?

1. (b), (c) and (f)
 2. (a) and (d)
 3. (b), (c) and (d)
 4. (a), (e) and (f)
 5. (b) and (c)
4. The following transactions relate to Gemco Attorneys for June 2019.

	Transaction	Account debited (Increase/decrease)	Account credited (Increase/decrease)
(a)	Paid the monthly telephone account by cheque.	Telephone (increase)	Business bank (decrease)
(b)	The owner deposited cash into the business bank account as an additional capital contribution.	Business bank (increase)	Capital (increase)
(c)	Paid the Sheriff per cheque for the delivery of a summons.	Sheriff (increase)	Trust bank (decrease)

ASSIGNMENT 01 – SEMESTER 1 (continued)

(d)	Received cash from a client, N Ncube, for legal services rendered in May 2019.	Business bank (increase)	Services rendered (increase)
(e)	Purchased a computer for the office on credit from Compu Supplies.	Office equipment (increase)	Trust creditors (increase)

Which options indicate the **correct** accounting treatment of the above transactions in the relevant accounts in the general ledger of Gemco Attorneys for June 2019?

1. (c), (d) and (e)
 2. (a), (b) and (d)
 3. (d) and (e)
 4. (a), (b), (c) and (d)
 5. **(a) and (b)**
5. The following transactions were extracted from the accounting records of Selby Attorneys for May 2019. Selby Attorneys is **not** registered as a VAT vendor.

Date	Transactions
2019	
May 11	Issued a business cheque for R1 000, to restore the petty cash float.
22	Paid R850 with a business cheque for stationery purchased for the owner's son.

Which option **correctly** indicates the net effect of the above transactions on the accounting equation of Selby Attorneys for May 2019?

1.

Date	Assets R	=	Equity R	+	Liabilities R
11	– 1 000		+ 1 000		0
22	– 850		– 850		0
	– 1 850		+ 150		0

2.

Date	Assets R	=	Equity R	+	Liabilities R
11	+ 1 000 – 1 000		0		0
22	– 850		– 850		0
	– 850		– 850		0

ASSIGNMENT 01 – SEMESTER 1 (continued)

Question 5 (continued)

3.

Date	Assets R	=	Equity R	+	Liabilities R
11	– 1 000		+ 1 000		0
22	– 850		+ 850		0
	– 1 850		+ 1 850		0

4.

Date	Assets R	=	Equity R	+	Liabilities R
11	+ 1 000		– 1 000		0
22	+ 850		+ 850		0
	+ 1 850		– 150		0

5.

Date	Assets R	=	Equity R	+	Liabilities R
11	+ 1 000		0		0
	– 1 000				0
22	– 850		+ 850		0
	– 850		+ 850		0

6. The account of P Abrahams, a client of Eysele Attorneys, is three months in arrears. Interest at 12% per annum must be charged on the arrear amount of R5 060 (including VAT). VAT is levied at 15%.

Which option represents the correct accounting entries in the **general journal** of Eysele Attorneys?

1. Debit the client control account with R152 and credit the interest charged account with R152.
2. Debit the interest charged account with R129, debit VAT control account with R4 301 and credit the client control account with R4 430.
3. Debit the client control account with R607 and credit the interest charged account with R607.
4. Debit the client control account with R4 532, credit the interest charged account with R132 and credit VAT control account with R4 400.
5. Debit the client control with R528 and credit the interest charged account with R528.

ASSIGNMENT 01 – SEMESTER 1 (continued)

The following information is applicable to questions 7 and 8:

Fisher Attorneys paid registration expenses to the amount of R1 265 (excluding VAT) on behalf of a client, Mrs Malevu, in respect of a company registration on 1 April 2019.

Fisher Attorneys also paid the following from the business bank account during April 2019. VAT of 15% is included where applicable.

- Municipal taxes, R1 127
- Wages of R3 160
- Purchased a second-hand printer from Techno Suppliers, R2 277

Fisher Attorneys charged Mrs Malevu a fee of R2 254 (including VAT) on 30 April 2019, the day on which the services were complete. Assume that valid tax invoices accompanied all transactions, where applicable and that VAT is levied at 15%.

7. Which option represents the correct accounting entry in the **fees account** in the general ledger of Fisher Attorneys?
 1. Debit the fees account with R2 592.
 2. Credit the fees account with R1 960.
 3. Debit the fees account with R2 254
 4. Credit the fees account with R2 254.
 5. Credit the fees account with R1 916.

8. Which option represents the correct accounting entry in **input VAT** account in the general ledger that Fisher Attorneys may claim on the transactions in the given information?
 1. Credit the VAT input account with R856
 2. Credit the VAT input account with R337
 3. Debit the VAT input account with R444
 4. Debit the VAT input account with R297
 5. Credit the VAT input account with R312

ASSIGNMENT 01 – SEMESTER 1 (continued)

The following information is applicable to questions 9 and 10:

Cassim Attorneys entered into the following transactions during May 2019:

Date	Transactions
-------------	---------------------

2019

- | | |
|-------|---|
| May 2 | Paid Safepro Security for the monthly security service by cheque, R780. |
| 5 | Received a cheque from Mr Kekana, a client, who requested Cassim Attorneys to act as his defence counsel in a forthcoming court case, R3 210. |
| 7 | Paid the registration of a letter to A Uys from the petty cash, R32. |
| 10 | Charged fees for rendering a legal service to G Grunder, R1 240. |
| 14 | Received a deposit from Mrs Williams for the preparation of contracts regarding the registration of a company, R2 522. |
| 17 | Purchased office stationery on credit from PN Suppliers, R510. |
| 19 | The owner took an office computer with a cost price of R4 720, for private use. |
| 21 | Received a cheque from L Loots, a client, in settlement of her account, R1 190. |
| 24 | Paid registration expenses from with a trust cheque in respect of the company registration of Mrs Williams, R1 420. |
| 26 | Issued a trust cheque to advocate D Darras in respect of a third party case, R2 810. |
| 28 | Levied fees for the services rendered to Mr Kekana in respect of his forthcoming court case, R2 150. |

9. In which subsidiary journals will the transactions on the 5th, 10th, 17th, 21st and 26th of May 2019 above, be recorded?

1.	5 th	Trust cash receipts journal
	10 th	Fees journal
	17 th	Business cash payments journal
	21 ^s	Business cash receipts journal
	28 th	Trust creditor: Advocate Darras

2.	5 th	Trust cash receipts journal
	10 th	Fees journal
	17 th	Creditors journal
	21 ^s	Clients journal
	28 th	Trust cash payments journal

ASSIGNMENT 01 – SEMESTER 1 (continued)**Question 9 (continued)**

3.	5 th	Trust cash receipts journal
	10 th	Clients journal
	17 th	General journal
	21 ^s	Fees journal
	28 th	Trust cash payments journal

4.	5 th	Trust cash receipts journal
	10 th	Fees journal
	17 th	General journal
	21 ^s	Business cash receipts journal
	28 th	Trust cash payments journal

5.	5 th	Business cash receipts journal
	10 th	Fees journal
	17 th	General journal
	21 ^s	Business cash receipts journal
	28 th	Business cash payments journal

10. In which subsidiary journals will the transactions on the 2nd, 7th, 14th, 19th, 24th and 31st of May 2019 above, be recorded?

1.	2 nd	Business cash payments journal
	7 th	Business cash payments journal
	14 th	Trust cash receipts journal
	19 ^s	General journal
	24 th	Trust cash payments journal
	31 st	Fees journal

2.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	14 th	Trust cash receipts journal
	19 ^s	General journal
	24 th	Trust creditor: Mrs Williams
	31 st	Clients journal

ASSIGNMENT 01 – SEMESTER 1 (continued)

Question 10 (continued)

3.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	14 th	Trust cash receipts journal
	19 ^s	General journal
	24 th	Trust cash payments journal
	31 st	Fees journal

4.	2 nd	Trust cash payments journal
	7 th	Petty cash journal
	14 th	Trust cash receipts journal
	19 ^s	General journal
	24 th	Business cash payments journal
	31 st	Fees journal

5.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	14 th	Business cash receipts journal
	19 ^s	Creditors journal
	24 th	Trust cash payments journal
	31 st	Fees journal

11. The following entries were recorded in the business cash payments journal (BCPJ) of Vaughan Attorneys for February 2019:

Date	Details	Folio	Sundries R	Clients R	Bank R
2	Insurance (on behalf of client J Kay)	G03	–	1 160	1 160
4	Law library	G07	1 750	–	1 750
10	Advocate Dube (client – A Abdul)	G14	–	* 154	* 154
19	Advertisements	G20	1 980	–	1 980
28	Telephone	G27	1 430	–	1 430
			5 160	1 314	6 474

* The legal practice uses the advocate journal to account for advocate fees.

Which option represents the **correct** postings of the above transactions to the general ledger accounts of Vaughan Attorneys, for February 2019?

ASSIGNMENT 01 – SEMESTER 1 (continued)**Question 11 (continued)**

1.		Debit R	Credit R
	Business bank account	6 474	
	Clients control account		1 314
	Law library account		1 750
	Advertisements account		1 980
	Telephone account		1 430

2.		Debit R	Credit R
	Clients control account	1 314	
	Law library account	1 750	
	Advertisements account	1 980	
	Telephone account	1 430	
	Business bank account		6 474

3.		Debit R	Credit R
	Clients control account	1 160	
	Advocate Dube's account	154	
	Law library account	1 750	
	Advertisements account	1 980	
	Telephone account	1 430	
	Business bank account		6 474

4.		Debit R	Credit R
	Clients control account	1 314	
	Law library account	1 750	
	Advertisements account	1 980	
	Telephone account	1 430	
	Business bank account		6 474

5.		Debit R	Credit R
	Insurance account	1 314	
	Law library account	1 750	
	Advertisements account	1 980	
	Telephone account	1 430	
	Business bank account		6 474

ASSIGNMENT 01 – SEMESTER 1 (continued)

12. The following entries were recorded in the trust cash payments journal of Clay Attorneys for October 2019:

Date	Details	Folio	Trust creditors R	Bank R
5	P Voight (company registration)	TCL1	2 100	2 100
14	N Nkomo – Sheriff P Keplin	TCL2	3 650	3 650
29	D Daniels (police report)	TCL3	870	870
			6 620	6 620

Which option represents the **correct** entries of the above transactions in the general ledger and trust creditors' ledger accounts of Clay Attorneys, for October 2019?

1. **General ledger:**

Debit trust creditors control account – R6 620; Credit trust bank account – R6 620.

Trust creditors ledger:

Debit P Voight – R2 100; Debit N Nkomo – R3 650; Debit D Daniels – R870.

2. **General ledger:**

Debit trust bank account – R6 620; Credit trust creditors control account - R6 620.

Trust creditors ledger:

Credit P Voight – R2 100; Credit P Keplin – R3 650; Credit D Daniels – R870.

3. **General ledger:**

Debit trust creditors control account – R6 620; Credit trust bank account – R6 620.

Trust creditors ledger:

Debit P Voight – R2 100; Debit N Nkomo – R3 650; Debit P Keplin – R3 650; Debit D Daniels – R870.

4. **General ledger:**

Credit trust bank account – R6 620; Debit trust creditors control account – R6 620.

Trust creditors ledger:

Credit P Voight – R2 100; Credit N Nkomo – R3 650; Credit D Daniels – R870.

5. **General ledger:**

Debit trust creditors control account – R6 620; Credit trust bank account – R6 620.

Trust creditors ledger:

Debit P Voight – R2 100; Debit N Nkomo – R3 650; Credit P Keplin – R3 650; Debit D Daniels – R870.

ASSIGNMENT 01 – SEMESTER 1 (continued)

The following information is applicable to questions 13, 14 and 15:

On comparing the business bank statement with the business cash journals of Khan Attorneys for the month ended April 2019 and the bank reconciliation statement as at 31 March 2019, the following was noted:

13. Received a direct deposit of R1 410 from H Radebe, a client, for the preparation of documents regarding the registration of a company. This transaction appeared on the business bank statement as at 30 April 2019 but has not yet been recorded in the accounting records of Khan Attorneys, for the month ended 30 April 2019.

What will the **correct** entry in the accounting records of Khan Attorneys for 30 April 2019 be, to account for the direct deposit?

1. Record an entry in the trust cash payments journal for R1 410.
 2. Credit the bank reconciliation statement with an outstanding deposit of R1 410.
 3. Record an entry in the business cash payments journal for R1 410
 4. Debit the bank reconciliation statement with an outstanding deposit of R1 410.
 5. Record an entry in the business cash receipts journal for R1 410.
14. A trust cheque (no 571) for R769, issued to P Chetty, a client, on 23 April 2019 was erroneously recorded in the business cash payments journal. This error must still be corrected.

Choose the **correct** accounting procedure to follow for trust cheque no 571 in the accounting records of Khan Attorneys for 30 April 2019.

1. Debit the bank reconciliation statement with a stale trust cheque no 571 of R769.
 2. Record an entry in the business cash receipts journal for R769.
 3. Credit the bank reconciliation statement with trust cheque no 571 not yet presented for payment of R769.
 4. Record an entry in the business cash payments journal for R769.
 5. Record an entry in the trust cash receipts journal for R769.
15. A deposit of R1 350, for another client of the bank, was erroneously entered on the bank statement of Khan Attorneys as at 30 April 2019.

The **correct** accounting procedure to follow in the accounting records Khan Attorneys for 30 April 2019, when preparing the bank reconciliation statement, is as follows:

1. Record an entry in the business cash receipts journal for R1 350.
2. Record an entry in the trust cash receipts journal for R1 350.
3. Credit the bank reconciliation statement with an erroneous deposit of R1 350.
4. Record an entry in the business cash payments journal for R1 350.
5. Debit the bank reconciliation statement with an erroneous deposit of R1 350.

ANNEXURE D: ASSIGNMENT 02 – FIRST SEMESTER

THE SUBMISSION OF THIS ASSIGNMENT IS COMPULSORY FOR THE FIRST SEMESTER

DUE DATE: 08 APRIL 2020

UNIQUE NUMBER: 700523

Please take note of the following:

- Do **NOT** submit assignments by means of fax or e-mail.
- Answer this assignment on a **mark-reading sheet** or submit it via the **Unisa Mobile MCQ Application** or via **myUnisa**. This assignment is **marked electronically**, hence the **strict adherence** to the due date.
- **Before** attempting this assignment, please read **paragraph 8.5** of this tutorial letter **on plagiarism**.
- We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephone conversations in this regard.
- Important aspects regarding multiple-choice questions (MCQ assignments):
If you **do not** submit Assignment 02 electronically via the **Unisa Mobile MCQ Application** or via **myUnisa**, you will need a mark-reading sheet. Before completing the mark-reading sheet, please see the **instructions contained in this year's issue of *Study@Unisa***. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
- Carefully work through the relevant tuition material **before** you attempt this assignment.

Before you answer the questions of this assignment, you must study **learning units 7 to 9** of your study guide and consists of 15 multiple-choice questions. Do this assignment on a mark-reading sheet or submit it via the **Unisa Mobile MCQ Application** or via **myUnisa**.

Please note: Each question has only one correct answer.
Where applicable round all answers off to R.

ASSIGNMENT 02 – SEMESTER 1

1. Which one of the following statements is **not correct**?
 1. Trust money cannot be deposited directly into a trust investment account.
 2. The attorney's practice may open as many trust investment accounts as is necessary.
 3. The practitioner can levy fees once his/her obligation to the client has been met in full.
 4. The attorney's practice must keep two sets of accounting records, one for the business and one for the trust.
 5. Trust money may be used to pay for the attorney's practice's expenses when the business bank account does not have sufficient funds.

2. Which one of the following statements is **correct**?
 1. The client deposits money in advance of the services required into the business bank account and the deposit is recorded in the cash receipts journal (book of prime entry).
 2. If there is a debit balance on the trust creditors account after the transfer procedures have been done a trust cheque or trust electronic funds transfer (EFT) is paid to the trust creditor.
 3. A law practitioner appoints an advocate to appear in court on behalf of a client. It is good practice for a law practitioner to pay the advocate first from the practice's own account and later the client pays the attorney for such fees.
 4. Before a transfer can be made from the client's trust account, the client must owe an amount to the law practitioner on their business account.
 5. When there is an amount available on the trust creditors account, a trust cheque will be issued or an electronic fund transfer will be made for the amount to be transferred from the business bank account to trust bank account.

3. A client of Up Attorneys, Mr Down, is in the process of purchasing a house from Mr Left. Mr Down has a credit balance of R25 000 on his trust creditor account at 30 June 2019. All trust funds are deposited for the covering of a deposit payable to Mr Left on the purchase of the house. The client account of Mr Down reflects a debit balance of R1 500 for postage and petties incurred on behalf of him. Up Attorneys issued an interim invoice to Mr Down for fees of R10 000 at the end of June 2019, before any transfer of funds.

What is the amount that needs to be transferred at 30 June 2019?

1. R1 500 (transfer to business bank account)
2. R11 500 (transfer to business bank account)
3. R10 000 (transfer to business bank account))
4. RNil (transfer to trust bank account)
5. R1 500 (transfer to trust bank account)

ASSIGNMENT 02 – SEMESTER 1 (continued)

4. The following information appears in the records of Thebe Attorneys at 31 December 2019:

Extract from the December 2019 fees journal

Date		Clients	VAT	Fees
Dec	Details	R	R	R
15	T Similane – Collection	7 130	930	6 200
21	A Plan – Property transaction	16 790	2 190	14 600
27	S Ban – Drafting of contracts	10 350	1 350	9 000
		34 270	4 470	29 800

Extract from the December 2019 Trust cashbook

Date	Receipts	Trust creditors	Bank	Date	Payments	Trust creditors	Bank
2019			R	2019			R
Dec 5	T Similane	20 000	20 000	Dec 9	A Plan (Estate Agent)	15 000	15 000
15	S Ban	145 000	145 000	11	T Similane (Transfer duties)	8 000	8 000
20	A Plan	18 000	18 000	13	S Ban (Advocate fees)	3 700	3 700

The following transactions must still be recorded in the records of Thebe Attorneys at 31 December 2019:

- S Ban authorised Thebe Attorneys in writing to invest R120 000 in an interest-bearing account with ABC Bank. Thebe Attorneys immediately executed the instruction.
- Interest of R1 200 was earned on the investment in terms of the Section 86 of the Legal Practice Act, 28 of 2014. The payments of the interest earned to the beneficiary/beneficiaries was done on 2 January 2020.

What is the balance at 31 December 2019 on the Trust creditors' individual accounts and the Clients individual accounts of Thebe Attorneys **before** the transfer of trust monies?

1.		Client account balance at 31 December 2019	Trust creditor account balance at 31 December 2019
	Client	R	R
	T Similane	7 130	12 000
	S Ban	10 350	141 300
	A Plan	16 790	3 000
	Legal Practitioners' Fidelity Fund		60

ASSIGNMENT 02 – SEMESTER 1 (continued)

2.		Client account balance at 31 December 2019 R	Trust creditor account balance at 31 December 2019 R
	Client		
	T Similane	6 200	12 000
	S Ban	14 600	22 500
	A Plan	9 000	3 000

3.		Client account balance at 31 December 2019 R	Trust creditor account balance at 31 December 2019 R
	Client		
	T Similane	7 130	12 000
	S Ban	10 350	141 300
	A Plan	16 790	3 000
	Legal Practitioners' Fidelity Fund		1 200

4.		Client account balance at 31 December 2019 R	Trust creditor account balance at 31 December 2019 R
	Client		
	T Similane	6 200	12 000
	S Ban	14 600	21 300
	A Plan	9 000	3 000

5.		Client account balance at 31 December 2019 R	Trust creditor account balance at 31 December 2019 R
	Client		
	T Similane	7 130	12 000
	S Ban	10 350	142 500
	A Plan	16 790	3 000

ASSIGNMENT 02 – SEMESTER 1 (continued)

5. Which of the following statements is **correct**?:
1. Trust law requires law practitioners holding client funds in trust to account for all trust funds every six months.
 2. The capital amount deposited by a client into the trust account of a law practitioner becomes the property of the law practitioner.
 3. The law practitioner will be entitled to access the funds held in trust once he has provided legal services to the client or has incurred expenses on behalf of the client.
 4. Trust investment accounts together with other trust assets must be at least equal to the trust liabilities (total trust creditors). These assets form part of the assets of the attorneys' practice.
 5. Trust investment money which is not immediately required for any particular purpose, must be deposited directly into an interest-bearing trust investment account in terms of section 86(3).
6. In terms of which sections of the Legal Practice Act, 28 of 2014 must the total or a part of the interest earned on trust investments be paid over to the Legal Practitioners' Fidelity Fund?

Choose one of the following options:

1. sec 86(3) and Rule 55 investments
2. sec 86(2) and sec 86(3)
3. sec 86(2), sec 86(3) and sec 86(4)
4. sec 86(2) and sec 86(4) and Rule 55 investments
5. sec 86(2) and sec 86(4)

The following information pertains to questions 7, 8, 9 and 10:

The following totals appear in the **subsidiary journals** of Bolt Attorneys at 31 July 2019:

Trust cash receipts journal	R
Trust creditors	7 500
– D Wood	7 500
Bank	7 500

Trust cash payments journal	R
Trust creditors	5 570
– M Cut	3 570
– C Hammer (payment of expenses on behalf of client paid from trust bank account in error)	2 000
Bank	5 570

ASSIGNMENT 02 – SEMESTER 1 (continued)**Questions 7, 8, 9 and 10 (continued)****Business cash payments journal**

	R
	6 850
– W Nails (payment to Tshwane City Council on behalf of the client)	2 000
– Sundries	4 850
Bank	6 850

The following information concerning the trust creditors' ledger is also available:

	Opening balance 1 July 2019
	R
M Cut	20 000
W Nails	6 000

The following information concerning the clients' ledger accounts is also available:

Dr		M Cut				Cr	
2019 July 1 31	Balance Fees	b/d FJ1	R 10 000 6 000	2019 July 31			R

Dr		C Hammer				Cr	
2019 July 1 31	Balance Fees	b/d FJ1	R 5 000 7 000	2019			R

Dr		W Nails				Cr	
2019 July 1	Balance	b/d	R 0	2019			R

Dr		D Wood				Cr	
2019 July 31	Fees	FJ1	R 10 000	2019 July 31			R

ASSIGNMENT 02 – SEMESTER 1 (continued)

Questions 7, 8, 9 and 10 (continued)

7. What will be the amount of the transfer between the trust bank account and the business bank account in respect of M Cut?
1. R16 000 (transfer to business bank account)
 2. R6 000 (transfer to business bank account)
 3. R10 000 (transfer to business bank account)
 4. R16 000 (transfer from business bank account)
 5. R6 000 (transfer from business bank account)
8. What will be the amount of the transfer between the trust bank account and the business bank account in respect of C Hammer?
1. R7 000 (transfer to business bank account)
 2. R2 000 (transfer to business bank account)
 3. R2 000 (transfer from business bank account)
 4. R5 000 (transfer to business bank account)
 5. R7 000 (transfer from business bank account)
9. What will be the amount of the transfer between the trust bank account and the business bank account in respect of D Wood?
1. RNil
 2. R10 000 (transfer from business bank account)
 3. R7 500 (transfer from business bank account)
 4. R10 000 (transfer to business bank account)
 5. R7 500 (transfer to business bank account)
10. What will be the amount of the transfer between the trust bank account and the business bank account in respect of W Nails?
1. R25 500 (transfer to business bank account)
 2. R23 930 (transfer to business bank account)
 3. R29 500 (transfer to business bank account)
 4. R27 500 (transfer to business bank account)
 5. R23 500 (transfer to business bank account)
11. Lazarus Attorneys has to pay annual bonuses of R215 000 on 31 January 2020, the year-end of the practice. The balances of a savings account, that was specifically opened for this purpose, is R104 000. The remaining portion must be a transfer of trust funds to the business funds. Assume that the business bank account has a balance of R25 000 before the trust transfer.

ASSIGNMENT 02 – SEMESTER 1 (continued)**Question 11 (continued)**

The following information relates to the clients' and trust creditors' accounts on 30 January 2020:

Client	Client account balance before fees R	Trust creditor account balance before fees R	Fees still to be accounted for R
Mr Abramyee	–	10 000	9 000
Ms Nkosi	8 000	41 000	10 000
Mr Potgieter	50 000	44 000	66 000
	58 000	95 000	85 000

If it is assumed that Lazarus Attorneys' obligations to the clients above are met in full, what will the amount in terms of the Rules of the Attorney's Profession and the Legal Practice Act, 28 of 2014 be, that can be transferred from the trust bank account to the business bank account to enable Lazarus Attorneys to pay the bonuses?

1. R90 000
 2. R85 000
 3. R71 000
 4. R80 000
 5. R143 000
12. The following information was applicable to one of the clients of Ndlovu and Partners, Mr Marapo:

1 January 2020 – account balances

Client account – Rnil

Trust creditor account – R220 000

Included in the balance of R220 000 is R150 000 received from Mr Marapo for the purchase of a business from Mr Steyn and R40 000 for the estimated fees for the divorce case of Mr Steyn. The divorce case will only be settled at the end of the year.

Date 2020	Transactions
Jan 23	Ndlovu and Partners received R50 000 from Mr Marapo as final payment for the purchase price of R200 000 for the business acquired from Mr Steyn.
Jan 30	The purchase transaction was concluded and Ndlovu and Partners issued an invoice to Mr Marapo to the amount of R35 000 for the drafting of the purchase agreement.
Jan 31	Ndlovu and Partners balanced the ledger accounts.
Feb 1	A cheque to the amount of R50 000 that was received from Mr Marapo on 25 May 2020 for the purchase of the above mentioned business was returned to Ndlovu and Partners due to insufficient funds in the bank account of Mr Marapo.

ASSIGNMENT 02 – SEMESTER 1 (continued)

Question 12 (continued)

What will the amount be that Ndlovu and Partners should transfer from the trust bank account to the business bank account on 28 February 2020 in terms of the Rules for the Attorneys' Profession and the Legal Practice Act, 28 of 2014?

1. R180 000
2. R30 000
3. R35 000
4. R75 000
5. R70 000

The following information relates to question 13:

Poggenpoel & Associates instructed Mkize Inc to collect R80 000, from Mr K Jordaan for maintenance payable to his ex-wife Mrs L Jordaan, which is in arrears. Mkize Inc received two payments of R80 000 from Mr K Jordaan on 15 April 2020.

The following account statement was issued by Mkize Inc:

Account Statement Mkize Incorporated		
P.O. Box 905-940 Garsfontein 30 April 2020		
Poggenpoel & Associates P.O. Box 9001 Lydenburg		
	R	R
Collection – K Jordaan vs L Jordaan		80 000
Fees for receiving instruction	400	
Fees for issuing summons	300	
Sheriff fees	200	
Correspondence fees	100	
Collection fees	1 000	
Your share of fees (allowance)		600
Electronic transfer to yourself	78 600	
	80 600	80 600

Referring to the amount collected from Mr K Jordaan of R80 000 and the electronic fund transfer of R78 600, in which accounts must the amounts be debited and credited in the general ledger of Mkize Inc?

ASSIGNMENT 02 – SEMESTER 1 (continued)**Question 13 (continued)**

Choose the **correct** option.

1. Trust bank account – R80 000 debit; Trust creditors control account (K Jordaan) – R80 000 credit; Trust bank account – R78 600 credit and trust creditors control account (K Jordaan) – R78 600 debit.
 2. Business bank account – R80 000 debit; Client control account (K Jordaan) – R80 000 credit; Business bank account – R78 600 credit and Clients control account (K Jordaan) – R78 600 debit.
 3. Trust bank account – R80 000 debit; Trust creditors control account (Poggenpoel & Associates) – R80 000 credit; Trust bank account – R78 600 credit and Trust creditors control account (Poggenpoel & Associates) – R78 600 debit.
 4. Business bank account – R80 000 debit; Clients control account (Poggenpoel & Associates) – R80 000 credit; Clients control account (Poggenpoel & Associates) – R78 600 debit and Business bank account – R78 600 credit.
 5. Trust bank account – R80 000 debit; Trust creditors control account (K Jordaan) – R80 000 credit; Clients control account (Poggenpoel & Associates) – R78 600 debit and Business bank account – R78 600 credit.
14. The following account statement was issued by Venter & van Wyk Prokureurs:

Account Statement Venter & van Wyk Prokureurs <div style="text-align: right;">257 McDonald street Bloemfontein</div> <div style="text-align: left;">Botha & Co P.O. Box 1200 Wepener</div> <div style="text-align: right;">31 August 2020</div>		
	R	R
A Swanepoel vs M Swanepoel – Divorce case		
Fees for receiving instruction	500	
Fees for representing Mr A Swanepoel	5 200	
Advocate fees	15 000	
Sheriff fees	300	
Your share of fees (allowance)		?
VAT @ 15%	?	?
Amount owing		?
	?	?

What will the amounts be for the following line items in the account statement given above?

- Your share of fees
- VAT @ 15% for both columns
- Amount owing

ASSIGNMENT 02 – SEMESTER 1 (continued)

Question 14 (continued)

Choose the correct option.

1. Your share of fees – R1 900; VAT @ 15% – R855 and R285; Amount owing – R19 670.
 2. Your share of fees – R5 100; VAT @ 15% – R2 295 and R765; Amount owing – R17 430.
 3. Your share of fees – R2 000; VAT @ 15% – R900 and R300; Amount owing – R19 600.
 4. Your share of fees – R6 900; VAT @ 15% – R3 105 and R1 035; Amount owing – R16 170.
 5. Your share of fees – R7 000; VAT @ 15% – R3 150 and R1 050; Amount owing – R16 100.
15. Which one of the following statements are **incorrect**?
1. The balance of the trust creditors control account should always be equal to or exceed the trust bank balance.
 2. If the client account still reflects a debit balance after the transfer of funds and the attorney's responsibilities towards the client have been fulfilled, the client should deposit the amount in the business bank account of the attorney.
 3. When the amount available in the clients' trust creditor account exceeds the amount owing on his client account, the amount transferred from the trust bank account to the business bank account is limited to the amount owing on his client account.
 4. If a credit balance on the trust creditor accounts exists after the transfer and the attorney's responsibilities towards the client have been fulfilled, a business cheque is issued to the trust creditor.
 5. If the amount owing on the clients' client account exceeds the amount available on his/her trust creditor account, the amount transferred from the trust bank account to the business bank account is limited to the amount available on the client's trust creditors account.

ANNEXURE E: ASSIGNMENT 01 – SECOND SEMESTER

**THIS ASSIGNMENT IS COMPULSORY FOR EXAMINATION ADMITTANCE
IN THE SECOND SEMESTER**

**DUE DATE: 19 AUGUST 2020
UNIQUE NUMBER: 505948**

Please take note of the following:

- **Do NOT submit assignments by means of fax or e-mail.**
- Answer this assignment on a **mark-reading sheet** or submit it via the **Unisa Mobile MCQ Application** or via **myUnisa**. This assignment is **marked electronically**, hence the **strict adherence** to the due date.
- **Before attempting this assignment, please read paragraph 8.5 of this tutorial letter on plagiarism.**
- This assignment is based on **learning units 1 to 6** and consists of 15 multiple-choice questions.
- **We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephone conversations in this regard.**
- **Important aspects regarding multiple-choice questions (MCQ assignments)**
 - ❖ If you **do not** submit Assignment 01 electronically via the Unisa Mobile MCQ Application or via myUnisa, you will need a mark-reading sheet. Before completing the mark-reading sheet, please see the **instructions contained in this year's issue of *Study@Unisa***. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
- Carefully work through the relevant tuition material **before you attempt this assignment.**

Before you answer the questions of this assignment, you must study learning units 1 to 6 of your study guide. Do this assignment on a mark-reading sheet or submit it via the Unisa Mobile MCQ Application or via myUnisa.

**Please note: Each question has only one correct answer.
Where applicable, round off all answers to R.**

ASSIGNMENT 01 – SEMESTER 2

1. Accounting is a specialised means of communication, used to convey a specialised message about the finances of an entity. Accounting is a process that consists of the following three activities:
 - (a) The second activity relates to the recording of the monetary value of the economic events in order to provide a permanent history of the financial activities of the business or entity.
 - (b) The first activity relates to the communication of the identified events that are evidence of economic activity to the particular business or entity, before preparing accounting reports such as financial statements.
 - (c) The second activity involves the recording of the monetary value of the economic events in order to provide a temporary summary of the financial activities of the owner of the business or entity.
 - (d) The first activity involves identifying those events that are evidence of economic activity relevant to the particular business or entity.
 - (e) The third activity includes the communication of the recorded information to interested users through the preparation of accounting reports such as financial statements.
 - (f) The third activity includes identifying those events that are evidence of economic activity relevant to the interested users in another business or entity.

Which of the above options reflects the **correct** chronological order of the activities in an accounting process?

1. (b), (a) and (f)
 2. (d), (a) and (e)
 3. (b), (c) and (f)
 4. (b), (a) and (e)
 5. (d), (c) and (f)
-
2. In terms of the conceptual framework, the information that must be used in the preparation of financial statements is grouped into elements according to their economic characteristics, which make up the financial statements.

The elements that are directly related to the **financial performance** in the statement of profit and loss and other comprehensive income are income and expenses and defined as follows:

- (a) Expenses are a decrease in economic benefits during the accounting period in the form of outflows of assets or incurrence of liabilities that result in a decrease in equity, other than those relating to a distribution to the owners of the entity.
- (b) Income is an increase in economic benefits during the accounting period in the form of inflows of assets or decrease in liabilities that result in an increase in equity, including those relating to the contributions from the owners of the entity.
- (c) Expenses consist of losses as well as those expenses that arise in the course of the ordinary activities of the entity.

ASSIGNMENT 01 – SEMESTER 2 (continued)**Question 2 (continued)**

- (d) Income is an increase in economic benefits during the accounting period in the form of inflows of assets or decrease in liabilities that result in an increase in equity, other than those relating to the contributions from the owners of the entity.
- (e) Expenses are a decrease in economic benefits during the accounting period in the form of inflows of assets or incurrence of liabilities that result in a decrease in equity, other than those relating to a distribution to the owners of the entity.

Which of the above statements regarding these elements are **correct**?

1. (a), (c) and (d)
 2. (b) and (e)
 3. (a), (b) and (c)
 4. (a) and (d)
 5. (c), (d) and (e)
3. The rules of the double-entry system were introduced in 1494 by Luca Pacioli. The golden rule of the double-entry system is that for every debit (left) entry there should be a corresponding credit (right) entry for the same amount. In other words, each transaction affects two or more accounts.

In order to be consistent, all entities must apply the double-entry rules as follows:

	Accounts	Debit	Credit
(a)	Liabilities and Expenses	Decrease	Increase
(b)	Equity and Income	Decrease	Increase
(c)	Assets and Income	Increase	Decrease
(d)	Equity and Liabilities	Decrease	Increase
(e)	Assets and Expenses	Increase	Decrease
(f)	Liabilities and Income	Decrease	Increase

Which options indicates the double-entry rules **incorrectly**?

1. (a), (c) and (d)
2. (b), (d), (e) and (f)
3. (e) and (f)
4. (b), (c), (d) and (e)
5. (a) and (c)

ASSIGNMENT 01 – SEMESTER 2 (continued)

4. The following transactions relate to Biko Attorneys for May 2019.

	Transaction	Account debited (Increase/decrease)	Account credited (Increase/decrease)
(a)	The owner issued a business cheque to pay his personal telephone account.	Telephone (increase)	Business bank (decrease)
(b)	P Heyns, a client, made a direct deposit in respect of fees charged for services rendered.	Business bank (increase)	Services rendered (increase)
(c)	Paid the courier and postage costs out of the petty cash.	Courier & Postage (increase)	Petty cash (decrease)
(d)	Obtained a loan from ACB Bank.	Business bank (increase)	Loan: ACB Bank (increase)
(e)	Paid the water and electricity account for the month by cheque.	Water & electricity (increase)	Business bank (decrease)

Which options indicate the **correct** accounting treatment of the above transactions in the relevant accounts in the general ledger of Biko Attorneys for May 2019?

1. (a), (b), (c) and (d)
 2. (d) and (e)
 3. (b), (c), (d) and (e)
 4. (c), (d) and (e)
 5. (a) and (b)
5. The following transactions relate to Urban Attorneys for the month of November 2019. Urban Attorneys are **not** registered for Value Added Tax (VAT).

Date	Transactions
2019	
Nov 14	Charged interest of R110 on the arrear account of a client, N Govender.
28	Issued a cheque of R1 160 to Q Stationers for office supplies purchased in October 2019.

Which option reflects the **correct** net influence of the above transactions on the accounting equation of Urban Attorneys for November 2019?

1.	Date	Assets R	=	Equity R	+	Liabilities R
	14	0		+ 110		+ 110
	28	– 1 160		0		– 1 160
		– 1 160		+ 110		– 1 050

ASSIGNMENT 01 – SEMESTER 2 (continued)**Question 5 (continued)**

2.

Date	Assets R	=	Equity R	+	Liabilities R
14	+ 110		+ 110		0
28	– 1 160		– 1 160		0
	– 1 050		– 1 050		0

3.

Date	Assets R	=	Equity R	+	Liabilities R
11	+ 110		+ 110		0
22	– 1 160		0		– 1 160
	– 1 050		+ 110		– 1 160

4.

Date	Assets R	=	Equity R	+	Liabilities R
11	0		+ 110		0
	0		– 110		0
22	– 1 160		– 1 160		0
	– 1 050		– 1 160		0

5.

Date	Assets R	=	Equity R	+	Liabilities R
11	+ 110		– 110		0
22	+ 1 160		0		– 1 160
	+ 1 270		– 110		– 1 160

6. Anderson Attorneys issued a business cheque to the amount of R10 258 (excluding VAT) to ABN Learning Centre, a non-profit organisation, for educational purposes.

Anderson Attorneys is registered as a VAT vendor. VAT is levied at 15%.

Which option represents the **input VAT** amount that Anderson Attorneys can claim back from the South African Revenue Service (SARS)?

1. R0
2. R1 338
3. R8 719
4. R1 539
5. R8 920

ASSIGNMENT 01 – SEMESTER 2 (continued)

The following information is applicable to questions 7 and 8:

Ceki Attorneys charged Mr Sterley a fee of R2 960 (excluding VAT) on 31 May 2019, to act on his behalf in a third party case. The attorney's practice paid R1 728 (including VAT) to advocate B Baines in respect of the third party case of Mr Sterley.

Assume that valid tax invoices accompanied the above transactions and that VAT is levied. at 15%.

7. Which option represents the correct accounting entry in the **clients control account** in the general ledger of Ceki Attorneys?
1. Debit the clients control account with R4 463
 2. Credit the clients control account with R4 302
 3. Credit the clients control account with R2 960
 4. Debit the clients control account with R5 132
 5. Credit the clients control account with R4 688
8. Assume further, that Ceki Attorneys also paid the following from the business bank account during May 2019 (VAT of 15% is included where applicable):
- Registration of a letter to B Baloyi, R46
 - Acquisition of a police report, R92
 - Fuel, R345
 - Office supplies, R529

What will the **input VAT** amount be that Ceki Attorneys can claim back from the South African Revenue Service (SARS)?

1. R69
2. R87
3. R225
4. R75
5. R294

ASSIGNMENT 01 – SEMESTER 2 (continued)

The following information is applicable to questions 9 and 10:

The following transactions took place during the month of January 2019 in the practice of Pillay Attorneys.

Date Transactions

2019

- Jan 2 Paid short-term insurance for the month by cheque, R1 420.
- 4 Received a cheque from Mrs Otto in respect of the registration of a bond, R3 650.
- 7 Paid printing paper from the petty cash, R78.
- 9 Issued an invoice to B Bruckner, a client, for rendering a legal service, R1 530.
- 12 Sold an old printer on credit to H Diedericks, R650.
- 15 Issued a receipt to N Snijder, a client, in settlement of his account, R1 270.
- 17 Issued a trust cheque to pay a deposit for purchasing property on behalf of A Ackers
- 20 Charged interest on the outstanding balance on A Kleynhans's account, R170.
- 24 Paid the annual membership fee to the Law Society per cheque, R2 890.
- 27 Mr Phiri instructed Pillay Attorneys to issue a summons against his wife for a divorce.
Mr Phiri paid a deposit to cover preliminary costs, R1 520.
- 30 Levied fees for services rendered to Mrs Otto, R1 310.

9. In which subsidiary journals will the transactions on the 2nd, 7th, 9th, 15th, 20th and 27th of January 2019 above, be recorded?

1.	2 nd	Trust cash payments journal
	7 th	Petty cash journal
	9 th	Fees journal
	15 th	Fees journal
	20 th	General journal
	27 th	Trust cash receipts journal

2.	2 nd	Business cash payments journal
	7 th	Business cash payments journal
	9 th	Fees journal
	15 th	Business cash receipts journal
	20 th	Clients journal
	27 th	Trust cash receipts journal

ASSIGNMENT 01 – SEMESTER 2 (continued)

3.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	9 th	Clients journal
	15 th	Business cash receipts journal
	20 th	Fees journal
	27 th	Trust cash receipts journal

4.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	9 th	Fees journal
	15 th	Business cash receipts journal
	20 th	General journal
	27 th	Trust cash receipts journal

5.	2 nd	Business cash payments journal
	7 th	Petty cash journal
	9 th	Fees journal
	15 th	Clients journal
	20 th	General journal
	27 th	Business cash receipts journal

10. In which subsidiary journals will the transactions on the 4th, 12th, 17th, 24th and 30th of January 2019 above, be recorded?

1.	4 th	Trust cash receipts journal
	12 th	General journal
	17 th	Creditors control: A Ackers journal
	24 ^h	Business cash receipts journal
	30 th	General journal

2.	4 th	Trust cash receipts journal
	12 th	General journal
	17 th	Trust cash payments journal
	24 ^h	Trust cash receipts journal
	30 th	Fees journal

ASSIGNMENT 01 – SEMESTER 2 (continued)

3.	4 th	Trust cash receipts journal
	12 th	Creditors journal
	17 th	Trust cash payments journal
	24 ^h	Business cash receipts journal
	30 th	Fees journal

4.	4 th	Business cash receipts journal
	12 th	General journal
	17 th	Trust cash payments journal
	24 ^h	Business cash receipts journal
	30 th	Clients journal

5.	4 th	Trust cash receipts journal
	12 th	General journal
	17 th	Trust cash payments journal
	24 ^h	Business cash receipts journal
	30 th	Fees journal

11. The following entries were recorded in the fees journal of Singh Attorneys for August 2019:

Date	Details	Folio	Clients R	Fees R
7	L Lesedi (third party case Advocate T Taylor)	C1	2 690	2 690
16	J Johnson (drafting of will)	C2	1 315	1 315
24	F Gani (court case)	C3	4 220	4 220
			8 225	8 225

Which option represents the **correct** entries of the above transactions in the general ledger and clients ledger accounts of Singh Attorneys, for August 2019?

- | General ledger: | Clients ledger: |
|--|---|
| Debit clients control account – R8 225;
Credit fees account – R8 225. | Debit L Lesedi – R2 690;
Debit J Johnson – R1 315;
Debit T Taylor – R1 315;
Debit F Gani – R4 220. |
- | General ledger: | Clients ledger: |
|--|---|
| Debit fees account – R8 225;
Credit clients control account - R8 225. | Credit L Lesedi – R2 690;
Credit J Johnson – R1 315;
Credit T Taylor – R1 315;
Credit F Gani – R4 220. |

ASSIGNMENT 01 – SEMESTER 2 (continued))

3.

General ledger:	Clients ledger:
Debit clients control account – R8 225; Credit fees account – R8 225.	Debit L Lesedi – R2 690; Debit J Johnson – R1 315; Debit F Gani – R4 220
4.

General ledger:	Clients ledger:
Credit fees account – R8 225; Debit clients control account – R8 225.	Credit L Lesedi – R2 690; Credit T Taylor – R1 315; Credit F Gani – R4 220.
5.

General ledger:	Clients ledger:
Credit clients control account – R8 225; Credit fees account – R8 225.	Debit L Lesedi – R2 690; Debit J Johnson – R1 315; Debit F Gani – R4 220.

12. The following entries were recorded in the business cash payments journal of Krause Attorneys for November 2019:

Date	Details	Folio	Sundries R	Clients R	Bank R
1	Office rent	G09	3 470	–	3 470
3	Deposit: Office rent	G11	1 200	–	1 200
11	B Beyers (R/D)	G15	–	422	422
27	Petty cash	G21	1 000	–	1 000
12	Sheriff Buys (client – C Chetty)	G15	–	* 168	* 168
			5 670	590	6 260

- * The legal practice does **not** make use of a sheriff's journal to account for sheriff fees, as their services are not frequently used.

Which option represents the **correct** postings of the above transactions to the general ledger accounts of Krause Attorneys, for November 2019?

- Debit business bank account – R6 260; Credit office rent account – R4 670; Credit petty cash account – R1 000; Credit clients control account – R590.
- Debit office rent account – R3 470; Debit deposit: office rent account – R1 200; Debit petty cash account – R1 000; Debit clients control account – R590; Credit business bank account – R6 260.**
- Debit business bank account – R6 260; Credit office rent account – R3 470; Credit deposit: office rent account – R1 200; Credit petty cash account – R1 000; Credit Sheriff Buys' account – R168; Credit clients control account – R422.
- Debit office rent account – R4 670; Debit petty cash account – R1 000; Debit clients control account – R590; Credit business bank account – R6 260.

ASSIGNMENT 01 – SEMESTER 2 (continued)

5. Debit office rent account – R3 470; Debit deposit: office rent account – R1 200; Debit petty cash account – R1 000; Debit Sheriff Buys' account – R168; Debit clients control account – R422; Credit business bank account – R6 260.

The following information is applicable to questions 13, 14 and 15:

On comparing the business bank statement with the business cash journals of Maddock Attorneys for the month ended April 2019 and the bank reconciliation statement as at 31 March 2019, the following were noted:

13. The bank erroneously recorded a cheque (no 321) of R643 in Maddock Attorneys' business bank account. Maddux Attorneys, another client of the bank, drew this cheque.

The **correct** accounting procedure to follow in the accounting records Maddock Attorneys for 30 April 2019, when preparing the bank reconciliation statement, is as follows:

1. Record an entry in the trust cash receipts journal for R643.
 2. Record an entry in the business cash receipts journal for R643.
 3. Credit the bank reconciliation statement with an erroneous cheque no 321 of R643.
 4. Record an entry in the business cash payments journal for R643.
 5. Debit the bank reconciliation statement with an erroneous cheque no 321 of R643.
14. An electronic fund transfer for R1 180 payable to advocate J Jenson, in respect of a third-party claim of C Chauke, appeared on the bank statement as at 30 April 2019, but not in the relevant business cash journal for the month ended 30 April 2019. The electronic fund transfer to advocate J Jenson was made on behalf of C Chauke, since the client did not have sufficient funds available in his trust bank account.

What will the **correct** entry in the accounting records of Maddock Attorneys for 30 April 2019 be, to account for the electronic fund transfer?

1. Debit the bank reconciliation statement with an electronic fund transfer not yet presented for payment of R1 180.
2. Record an entry in the business cash payments journal for R1 180.
3. Credit the bank reconciliation statement with an electronic fund transfer not yet presented for payment of R1 180.
4. Record an entry in the business cash receipts journal for R1 180.
5. Record an entry in the trust cash payments journal for R1 180.

ASSIGNMENT 01 – SEMESTER 2 (continued)

15. Cheque no 361 for R852 issued to J van Eck, a business creditor, on 11 April 2019 was recorded in the business cash payments journal but was returned by the bank on 28 April 2019 due to an error on the cheque.

Choose the **correct** accounting procedure to follow for cheque no 361 in the accounting records of Scott Attorneys for 30 April 2019.

1. Debit the bank reconciliation statement with a stale cheque no 361 for R852.
2. Record an entry in the trust cash receipts journal for R852.
3. Credit the bank reconciliation statement with cheque no 361 not yet presented for payment for R852.
4. Record an entry in the business cash payments journal for R852.
5. Record an entry in the business cash receipts for R852.

ANNEXURE F: ASSIGNMENT 02 – SECOND SEMESTER

**THE SUBMISSION OF THIS ASSIGNMENT IS COMPULSORY FOR
THE SECOND SEMESTER**

**DUE DATE: 16 SEPTEMBER 2020
UNIQUE NUMBER: 571826**

Please take note of the following:

- Do **NOT** submit assignments by means of fax or e-mail.
- Answer this assignment on a **mark-reading sheet** or submit it via the **Unisa Mobile MCQ Application** or via **myUnisa**. This assignment is **marked electronically**, hence the **strict adherence** to the due date.
- **Before** attempting this assignment, please read **paragraph 8.5** of this tutorial letter **on plagiarism**.
- This assignment is based on **learning units 7 to 9** and consists of 15 multiple-choice questions.
- We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephone conversations in this regard.
- Important aspects regarding multiple-choice questions (MCQ assignments)
 - ❖ If you **do not** submit Assignment 02 electronically via the **Unisa Mobile MCQ Application** or via **myUnisa**, you will need a mark-reading sheet. Before completing the mark-reading sheet, please see the **instructions contained in this year's issue of *Study@Unisa***. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
- Carefully work through the relevant tuition material **before** you attempt this assignment.

Before you answer the questions of this assignment, you must study learning units 7 to 9 of your study guide. Do this assignment on a mark-reading sheet or submit it via the Unisa Mobile MCQ Application or via myUnisa.

Please note: Each question has only one correct answer.
Where applicable round off all answers to R.

ASSIGNMENT 02 – SEMESTER 2

1. Which one of the following statements is **not correct**?
 1. Trust money cannot be deposited directly into a trust investment account.
 2. The attorney's practice may open as many trust investment accounts as is necessary.
 3. The practitioner can levy fees once his/her obligation to the client has been met in full.
 4. The attorney's practice must keep two sets of accounting records, one for the business and one for the trust.
 5. Trust money may be used to pay for the attorney's practice's expenses when the business bank account does not have sufficient funds.

The following information pertains to questions 2, 3 and 4:

2. A client of Dlamini Attorneys, Mr Maxi, is in the process of purchasing a house from Mr March. Mr Maxi has a credit balance of R22 000 on his trust creditor account at 30 June 2019. All trust funds are deposited for the covering of a deposit payable to Mr March on the purchase of the house. The client account of Mr Maxi reflects a debit balance of R1 000 for postage and petties incurred on behalf of the client. Dlamini Attorneys issued an interim/provisional invoice to Mr Maxi for fees of R8 000 at the end of June 2019, before any transfer of funds.

What is the amount that needs to be at 30 June 2019?

1. R1 000 (transfer to business bank account)
 2. R9 000 (transfer to business bank account)
 3. R8 000 (transfer to business bank account))
 4. R9 000 (transfer to trust bank account)
 5. RNil
3. The purchase transaction of the house from Mr March was finalised on 25 August 2019. On the same date Mr Maxi instructed Dlamini Attorneys to pay the funds in respect of the deposit for the purchase of the house to Mr March and paid an additional amount of R9 000 to Dlamini Attorneys. Dlamini Attorneys obligation to Mr Maxi was met in full and a final invoice of R10 000 was issued to Mr Maxi.

What will be the **correct** entries in the accounting records of Dlamini Attorneys for 31 August 2019 be, to account for the two transactions above.

1. Debit - Trust creditor control account (Mr Maxi) – R22 000 and Credit - Trust bank account – R22 000; Debit - Trust bank account – R9 000 and Credit - Trust creditor control account (Mr Maxi) – R9 000.
 2. Debit - Trust bank account – R9 000 and Credit - Trust creditor control account (Mr Maxi) – R9 000; Debit - Trust bank account – R22 000 and Credit - Trust creditor control account (Mr Maxi) – R22 000.

ASSIGNMENT 02 – SEMESTER 2**Question 3 (continued)**

3. Debit - Trust creditor control account (Mr Maxi) – R22 000 and Credit - Business bank account – R22 000; Debit - Business bank account – R9 000 and Credit - Fees account – R9 000.
 4. Debit - Trust bank account – R22 000 and Credit - Trust creditor control account (Mr Maxi) – R22 000; Debit - Business bank account – R9 000 and Credit – Client control account (Mr Maxi) – R9 000.
 5. Debit - Trust creditor control account (Mr Maxi) – R22 000 and Credit - Trust bank account – R22 000; Debit - Business bank account – R9 000 and Client control account (Mr Maxi) – R9 000.
4. What will be the amount that Dlamini Attorneys should transfer from the Trust bank account to the Business bank account on 31 August 2019 in terms of the Rules for the Attorneys' Profession and the Legal Practice Act, 28 of 2014?
1. R31 000 (transfer from the trust bank account to the business bank account)
 2. R22 000 (transfer from the business bank account to the trust bank account)
 3. R11 000 (transfer from the trust bank account to the business bank account)
 4. R10 000 (transfer from the business bank account to the trust bank account)
 5. R9 000 (transfer from the trust bank account to the business bank account)

The following information pertains to question 5:

Clients' ledger account

Dr				M Matsipa				Cr	
2019 May 1 31	Balance Fees	b/d FJ1	R 8 250 4 500 12 750	2019 May 31	M Matsipa	TJ	R ??		

Trust creditors' ledger account

Dr				M Matsipa				Cr	
2019 May 31	Trust bank Balance (before transfer)	TCPJ c/d	R 2 100 ??	2019 May 1 31	Balance Trust bank	b/d TCRJ	R 11 800 6 500		
	M Matsipa (transfer)	TJ	??		Balance	b/d	??		

ASSIGNMENT 02 – SEMESTER 2 (continued)

Question 5 (continued)

5. What will the amount be that must be transferred from the trust creditor account of M Matsipa to the client account of M Matsipa?
1. R12 750
 2. RNil
 3. R16 200
 4. R3 450
 5. R28 950
6. Lazarus Attorneys has to pay annual bonuses of R215 000 on 31 March 2020, the year-end of the practice. The balance of a savings account that was specifically opened for this purpose is R100 000. The remaining portion must be obtained from a transfer of trust funds to the business funds. Assume that the business bank account has a balance of R25 000 before the trust transfer.

The following information relates to the clients' and trust creditors' accounts on 30 March 2020:

Client	Client account balance before fees R	Trust creditor account balance before fees R	Fees still to be accounted for R
Mr Abramyee	–	10 000	14 000
Ms Nkosi	8 000	41 000	15 000
Mr Potgieter	50 000	44 000	48 000
	58 000	95 000	77 000

If it is assumed that Ms Nkosi's court case has not yet been concluded, what will be the amount in terms of the Rules for the Attorneys' Profession and the Legal Practice Act, 28 of 2014 that can be transferred from the trust bank account to the business bank account?

1. R90 000
 2. R18 000
 3. R77 000
 4. R135 000
 5. R54 000
7. Which one of the following statements are **incorrect**?
1. The balance of the trust creditors control account should always be equal to or exceed the trust bank balance.
 2. If the client account still reflects a debit balance after the transfer of funds and the attorney's responsibilities towards the client have been fulfilled, the client should deposit the amount in the business bank account of the attorney.

ASSIGNMENT 02 – SEMESTER 2 (continued)**Question 7 (continued)**

3. When the amount available in the clients' trust creditor account exceeds the amount owing on his client account, the amount transferred from the trust bank account to the business bank account is limited to the amount owing on his client account.
 4. If a credit balance on the trust creditor account exists after the transfer and the attorney's responsibilities towards the client have been fulfilled, a business cheque is issued to the trust creditor.
 5. If the amount owing on the clients' client account exceeds the amount available on his/her trust creditor account, the amount transferred from the trust bank account to the business bank account is limited to the amount available on the client's trust creditor account.
8. Mouton Attorneys received interest of R12 500 from Finec Bank on a trust investment made in terms of section 86 of the Legal Practice Act, 28 of 2014. Mouton Attorneys decided to deposit excess the trust money in the trust bank account into an interest-bearing investment account. What will be the trust journal entry on 31 July 2019 in the accounting records of Mouton Attorneys?

Choose one of the following options:

1. Trust journal

Date	Details	Trust creditor R	Bank R
Jul 31	Legal Practitioners Fidelity Fund Trust investment sec 86(3) - Finec Bank	12 500	12 500

2. Trust journal

Date	Details	Debit R	Credit R
Jul 31	Trust investment sec 86(3) - Finec Bank Trust creditors control	12 500	12 500

3. Trust journal

Date	Details	Debit R	Credit R
Jul 31	Trust investment sec 86(3) - Finec Bank Legal Practitioners' Fidelity Fund (trust creditor)	12 500	12 500

ASSIGNMENT 02 – SEMESTER 2 (continued)

Question 8 (continued)

4. Trust journal

Date	Details	Debit R	Credit R
Jul 31	Trust investment sec 86(3) - Finec Bank Trust bank	12 500	12 500

5. Trust journal

Date	Details	Debit R	Credit R
Jul 31	Trust investment sec 86(3) - Finec Bank Interest received	12 500	12 500

9. In terms of which sections of the Legal Practice Act 28 of 2014 must the total or a part of the interest earned on trust investments be paid over to the Legal Practitioners' Fidelity Fund?

Choose one of the following options:

1. Sec 86(3) and sec 86(4)
2. Rule 55, sec 86(2) and sec 86(4)
3. Rule 55, sec 86(2), sec 86(3) and sec 86(4)
4. Sec 86(2) and sec 86(4)
5. Sec 86(2), sec 86(3) and sec 86(4)

The following information is applicable to questions 10 and 11:

The following information is obtained from the accounting records of Mabury Attorneys:

- 1 May 2019, a client P Moya gave a written instruction to Mabury Attorneys to invest half of his trust funds amounting to R80 000 in an interest-bearing investment, in terms of section 86 of the Legal Practice Act, 28 of 2014.
- 30 September 2019 – the funds were withdrawn to settle property registration costs.
- 30 September 2019 – the legal practice received R44 500 from the investment.
- 30 September 2019 – the interest earned on the trust investment was paid over to the beneficiary/beneficiaries.

ASSIGNMENT 02 – SEMESTER 2 (continued)

10. What should the accounting entries be, in the books of first entry of Mabury Attorneys, to account for the trust investment and the withdrawal of the investment?

Choose one of the following options:

1. Record the investment of R80 000 in the trust cash payments journal.
Record the withdrawal of the investment of R44 500 in the trust cash receipts journal.
2. Record the investment of R40 000 in the trust cash payments journal
Record the withdrawal of the investment of R44 500 in the trust cash receipts journal.
3. Record the investment of R44 500 in the trust cash payments journal.
Record the withdrawal of the investment of R40 000 in the trust cash receipts journal.
4. Record the investment of R80 000 in the trust cash payments journal.
Record the withdrawal of the investment of R80 000 in the trust cash receipts journal.
5. Record the investment of R40 000 in the trust cash payments journal.
Record the withdrawal of the investment of R40 000 in the trust cash receipts journal.

11. What should the accounting entries be on 30 September 2019, in the books of first entry of Mabury Attorneys to account for the payment of interest earned on the investment to P Moya?

Choose one of the following options:

1. Two entries in the trust cash payments journal: P Moya (trust creditor) – R4 275 and Legal Practitioners' Fidelity Fund – R225.
2. An entry in the trust cash payments journal: P Moya (trust creditor) – R4 275.
3. An entry in the business cash payments journal: P Moya (trust creditor) – R4 500.
4. Two entries in the business cash payments journal: P Moya (trust creditor) – R4 275 and Legal Practitioners' Fidelity Fund – R225.
5. An entry in the trust cash payments journal: P Moya (trust creditor) – R4 500.

12. Which one of the following statements is **incorrect**?

1. The instructed attorney is the attorney's practice receiving an instruction from another attorney on a client's case.
2. The instructing attorney is entitled to receive one-third of the total fees charged by the instructed attorney.
3. In determining, the share of fees payable to the instructing attorney, all payments on behalf of the client and fees charged by the instructed attorney will be included in the calculation.
4. The instructed attorney is obliged to issue a statement of account to the instructing attorney.
5. In the accounting records of an instructing attorney, both the instructed attorney and the client being serviced will appear in the business records as clients and as trust creditors.

ASSIGNMENT 02 – SEMESTER 2 (continued)

The following information relates to question 13:

The following account statement was issued by Venter & van Wyk Prokureurs:

Account Statement Venter & van Wyk Prokureurs		
Botha Co P.O. Box 1200 Wepener		257 McDonald street Bloemfontein
		31 August 2020
	R	R
A Swanepoel vs M Swanepoel – Divorce case		
Fees for receiving instruction	500	
Fees for representing Mr A Swanepoel	5 200	
Advocate fees	15 000	
Sheriff fees	300	
Your share of fees (allowance)		?
VAT @ 15%	?	?
Amount owing		?
	?	?

What will the amount be for the following line items in the account statement given above?

- Your share of fees
- VAT @ 15% for both columns
- Amount owing

Choose the **correct** option from the options below:

1. Your share of fees – R1 900; VAT @ 15% – R855 and R285; Amount owing – R19 670.
2. Your share of fees – R5 100; VAT @ 15% – R2 295 and R765; Amount owing – R17 430.
3. Your share of fees – R2 000; VAT @ 15% – R900 and R300; Amount owing – R19 600.
4. Your share of fees – R6 900; VAT @ 15% – R3 105 and R1 035; Amount owing – R16 170.
5. Your share of fees – R7 000; VAT @ 15% – R3 150 and R1 050; Amount owing – R16 100.

ASSIGNMENT 02 – SEMESTER 2 (continued)

14. Which of the following fees must be **excluded** when calculating the one-third fee that the instructing attorney is entitled to?

- (a) Fee for receiving instruction
- (b) Advocate fees
- (c) Correspondence fees
- (d) Sheriff fees
- (e) Fee for registration of summons
- (f) Collection fees
- (g) Tracing fees

Choose one of the following options:

- 1. (a), (b), (c); (d), (e), (f) and (g)
 - 2. (a), (c), (e) and (g)
 - 3. (b), (d), (f) and (g)
 - 4. (b), (d), and (g)
 - 5. (a), (c); (d), (e), (f) and (g)
15. If a legal practice collects the following monies on the instruction of another legal practice, what will the collection fee be that the instructed attorney can charge the client of the instructing attorney?

Date of collection	Amount collected
	R
5 September 2020	40 000
12 September 2020	1 200
19 September 2020	800
Total amount collected	<u>42 000</u>

Choose the **correct** option

- 1. R4 200
- 2. R1 000
- 3. R1 133
- 4. **R1 200**
- 5. R2 800