

QUESTION 1: JOURNALS AND GENERAL LEDGER**(48 Marks ; 57 Minutes)**

You, as the bookkeeper of Oceans Attorneys are responsible for ensuring all daily transactions are recorded accurately. The balance in the bank account on the 1 October 2019 was R78 291.

The following transactions occurred during the month of October 2019:

Day Transaction

- 2 Issue receipt 205 to debtor, Mr Atlantic, settled his account of R8 165.
Paid wages, R650, paid by cheque no. 094
- 9 Received cash for services rendered from a client, R3 657 (VAT inclusive).
- 10 Paid Arctic Insurers our insurance for the month R1 500 (excluding VAT). Paid by cheque.
- 15 Bought a new computer printer from Southern Com Supplies on our supplier account.
Received an invoice from them for R6 900 (including VAT).
- 21 Charged debtor, Mrs Pacific, R3 500 (VAT exclusive) for legal advice given to her.
- 23 Paid R8 000 to SEA Bank in part-payment of our loan.
- 29 Partner Mr. Adriatic took the older printer with the book value of R500 for his children to use at home.
Paid R480 (excluding VAT) by cheque to BCM for water and electricity.

REQUIRED

1	Complete the Cash Book of Oceans Attorneys for October 2019. Total up and balance off the cash book at the end of the month.	19 marks
2	Complete the General Journal of Oceans Attorneys for October 2019.	13 marks
3	Draw up Debtors Control and VAT Control account in the General Ledger. Note: Opening balances on 1 October 2019 Debtors Control R 14 350 VAT Control R 4 895 (cr)	16 marks

QUESTION 2: TRIAL BALANCE**(26 marks: 31 minutes)**

The inexperienced bookkeeper of Africa Attorneys has attempted to draw up the Trial Balance for October 2019. It is all jumbled up and it does not balance.

TRIAL BALANCE OF AFRICA ATTORNEYS (OCTOBER 2019)

	Debit	Credit
Capital	700000	
Stationery	5 600	
Vehicles	380000	
VAT Control		4360
Rent Expense	21340	
Drawings		95030
Furniture and Equipment	227 800	
Insurance	3500	
Fee Income	38200	
Bank Overdraft	6270	
Debtors Control		3200
Creditors Control	4100	
Water and Electricity		15500
Telephone		960
	1194410	29050

ADJUSTMENT: You noticed that a cheque for R650 had been drawn up but not recorded in our accounting records. This cheque was made payable to one of our creditors, Asia Suppliers. Ensure that the necessary accounts are adjusted before drawing up the Trial Balance.

REQUIRED

1	Draw up the Trial Balance for Africa Attorney on 31 October 2019, showing the Balance Sheet and Nominal Sections separately well as indicating which accounts are debit and which are credits.	26 marks
<i>NOTE: ensure all headings are completed.</i>		

QUESTION 3: BANK RECONCILIATION**(30 marks: 36 minutes)**

The Bookkeeper of Niger Attorneys closed the Cash Book on 30 September 2019 and transferred the totals to the bank account in the General Ledger before the bank reconciliation was done.

Bank Reconciliation Statement on 31 August 2019

Favourable balance as per Bank Statement	4 102
Less: outstanding cheques	
Cheque 340	420
Cheque 359	1 555
Cheque 372	2 251
Add: outstanding deposit	3 588
Favourable balance as per Bank Account	3 464

Additional information:

1. The bank account showed a debit balance of R5 489 and the Bank Statement showed a credit balance of R3 954.
2. Cheque no. 340 was issued in favour of Swazi Stationers. When the printed stationery arrived the partners were not satisfied with the quality and returned the stationery. Cancel cheque no. 340. Portugal Printers were commissioned to do the job. Cheque 393 for R435 was issued.
3. Of the cheques outstanding in August only cheque no. 359 was not presented for payment.

The following entries appear on the bank statement of Niger Attorneys for September 2019 and not in the cash book.

1. Bank Charges of R202, and Interest on credit balance of R35.
2. Deposit of R3 588
3. A stop order of R2 000 representing the part payment of our Loan with Canada Bank.
4. Cheque no. 365 in favour of Vietnam Suppliers, a creditor, was correctly made out for R389. It was, however, entered in the cash book as R839
5. A stop order in favour of Mexico Motors being an instalment on a motor vehicle, R1150.
6. An unpaid cheque for R365 previously received from Mr Turkey in settlement of his account was received from the bank marked R/D due to insufficient funds.
7. A cheque written out by another client of the bank, Nigeria Suppliers, R2 224 was incorrectly drawn from our bank account.

The following entries appear in the cash book and not on the bank statement for September 2019:

- | | | |
|---|---------|--------|
| 1. Money deposited on 30 September 2019: | | R2 350 |
| 2. Cheques not yet presented for payment: | No. 380 | R1 641 |
| | No. 383 | R2 220 |

QUESTION 4 TRUST FUND INVESTMENTS:**(32 Marks: 39 Minutes)**

You have recently opened your own practice, London Attorneys. Your first trust payment is received from your client, Mr. Rome, as a deposit on legal work you are doing on her behalf.

Transactions for August 2019:

Day	Transaction
3	Mr Rome pays London Attorneys R85 000 for the transfer of property to a purchaser.
7	London Attorneys pays the following expenses on behalf of Mr Rome: Brisbane Bugs for a Borer Beetle certificate R1 510 Egypt Electricians for the wiring certificate R2 850
19	You received R875 000 on behalf of Mr Rome being the net proceeds of the sale of his property.
23	London Attorneys charges Mr Rome legal fees of R29 900
28	Mr Rome closes his trust account and the full amount owing to him is paid out of the Trust Bank account by London Attorneys

REQUIRED

1	Explain the difference between Section 78(2A) and Section 78 2(a) Investments?	6 marks
2	Record the following transactions in the Trust Bank account and the Trust Creditor: Mr Rome's account in the General Ledger for the month of August 2019.	26 marks

QUESTION 5 TRUST FUND ACCOUNTING: Statement of Account

(14 Marks: 17 Minutes)

Your practice, Miami Attorneys, has been instructed by Durban Attorneys to collect R36 000 from Rio Stores on 16 September 2019.

The following expenses were incurred by Miami Attorneys:

- | | |
|---|------------------|
| 1. Sheriff Fees | R 550 |
| 2. Revenue Stamps | R 320 |
| 3. Fees for receiving instructions | R1 220 |
| 4. Fees for preparing summons | R 920 |
| 5. Correspondence fees | R 184 |
| 6. Fees for drafting admission of guilt | R1 032 |
| 7. Collection Fee | to be calculated |

An amount of R33 500 was collected from Rio Stores.

An allowance of $\frac{1}{5}$ was billed to the instructing attorney

A cheque to settle this account is written out and sent to Durban Attorneys along with the Statement of Account.

REQUIRED:

1	Complete the Statement of Account to be sent to Durban Attorneys on 30 September 2019.	14 marks
NOTE: Show ALL workings when calculating amounts in the Statement of Account		



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AAT 322 E ACCOUNTING FOR ATTORNEYS

FINAL ASSESSMENT

OCTOBER/NOVEMBER 2019

ASSESSMENT ANSWER SHEET

Surname: _____

Name: _____

Student Number: _____

moderator

Question 1		/48	
Question 2		/26	
Question 3		/30	
Question 4		/32	
Question 5		/14	
TOTAL		/150	
Percentage		%	
Marker's Signature			

AAT 2019

QUESTION 1

GENERAL LEDGER OF OCEAN ATTORNEYS

NAME _____
STUDENT NO: _____

Debtors Control

VAT Control

