

Tutorial Letter 101/3/2018

Financial Accounting Principles for Law Practitioners

FAC1503

Semesters 1 & 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**.

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1 INTRODUCTION

Dear Student

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 will take place during May/June, while the examination for the second semester will be 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 **Studies @ Unisa brochure**, 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, ***Studies @ Unisa***, 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 a **SMS to 43579** **or** 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 this tuition material may not be available when you register. Tuition material that is not available when you register will be posted to you as soon as possible, and **will also be available on myUnisa**.

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

The purpose of this module is to provide law students with a working theoretical and practical knowledge of the general principles of financial accounting, a basic knowledge and understanding of transactions essential to complete adequate accounting records encountered in transactional practise as well as a thorough knowledge of the concept of trust money, including the applicable legislation, rules and accounting treatment of trust money.

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.

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

Know what a transfer journal is, how to use the journal and how to calculate the amounts that can be transferred from the trust bank account to the business bank account.

Learning outcome 8

Know the differences between sections 78(1), 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, who the beneficiaries of the interest are, how to treat 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 LECTURERS AND CONTACT DETAILS

3.1 Lecturers

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

Mrs KN Nkome (module leader)
Mr P Maraisane
Ms A van Niekerk

Building and office numbers

AJH v/d Walt, 2-10
AJH v/d Walt, 2-08
AJH v/d Walt, 2-23

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

Please **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 section 11).**

The **contact details of the various administrative departments** are available in the **Studies @ Unisa brochure**, 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: (name of lecturer and 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.

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 FAC1503@unisa.ac.za**.

For **registration and examination 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 Unisa

Please refer to ***Studies @ Unisa* brochure** for **e-mail addresses and short SMS numbers** to which you must send your **administrative enquiries**. This information is also available on the **Unisa website at <http://www.unisa.ac.za>**. Please take note that **students from abroad cannot** use the **SMS** option.

4 RESOURCES FOR FAC1503

4.1 Prescribed book

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

4.2 Recommended books

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.

Mail request cards to:

The Head: Request Services
Department of Library Services
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

For brief information go to <http://www.unisa.ac.za/brochures/studies>

For more detailed information, go to <http://www.unisa.ac.za/library>.

For research support and services of personal librarians, click on "Research support".

The Library has compiled a number of library guides:

- find recommended reading in the print collection and e-reserves - <http://libguides.unisa.ac.za/request/undergrad>
- request material - <http://libguides.unisa.ac.za/request/request>
- postgraduate information services - <http://libguides.unisa.ac.za/request/postgrad>
- finding, obtaining and using library resources and tools to assist in doing research - http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions - <http://libguides.unisa.ac.za/ask>

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 FOR FAC1503

The ***Studies @ 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** and the **e-tutor group module site**.

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 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 ***Studies @ Unisa*** brochure 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 FOR FAC1503

Refer to the *Studies @ Unisa* brochure for information on general time management and planning skills. A specific study plan is attached as Annexure B.

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING FOR FAC1503

There are no practical assessments for this module.

8 ASSESSMENT

8.1 Assessment criteria

Specific outcomes and assessment criteria's		
	Specific outcome	Assessment criteria
1	Learning outcome 1	<ul style="list-style-type: none"> • Describe the importance of financial information as a basis for decision making • Name the different users of financial information and their needs • Discuss the nature of accounting • 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 the Law Society regards as acceptable • List the specific purposes of the Conceptual Framework regarding the preparation and presentation of financial statements • Explain the main objectives of financial statements per the Conceptual Framework • Explain the underlying assumptions when preparing financial statements per the Conceptual Framework • Discuss the qualitative characteristics of financial statements per the Conceptual Framework

		<ul style="list-style-type: none"> • 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	Learning outcome 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 • 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	Learning outcome 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	Learning outcome 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 every cash transaction • Explain the principle of trust and business cash journals (bank accounts) • 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 non-cash journals and describe their separate functions <ul style="list-style-type: none"> - fees journal, advocate journal, sheriff journal, witness journal - general journal • Explain when a journal is used • Prepare the different journal entries

		<ul style="list-style-type: none"> • Understand the use of a fees journal • 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; and - Sheriff fees
5	Learning outcome 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	Learning outcome 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 • Interpret a ledger account • Extract a trail balance and prepare listings of trust creditors, clients and business creditors
7	Learning outcome 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 Act and the rules of the Law Society • 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	Learning outcome 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 Law Society Rules (and rulings where applicable) • Know the important sub-sections of section 78 of the Attorneys' Act (subsections 78(1), 78(2), 78(3), 78(4) and 78(6)) • Know the important subsections of section 86 of the Legal Practice Act (subsections 86(1), 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 • Describe the process of recovering trust account bank charges and audit fees from the Attorney's Fidelity Fund

		<ul style="list-style-type: none"> • Distinguish between a section 78(2)(a) and 78(2A) investment • Indicate the difference between a section 78 investment and an investment practice • 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	Learning outcome 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 • Discuss the items included in the correspondent account • Record the transactions reflected in the correspondent account statement in the relevant books of first entry of both the instructed and instructing attorney • Do the postings to the general ledger, clients ledger and trust creditors ledger of both the instructed and instructing attorney • Calculate the collection commission that must be levied by the instructed attorney • Calculate VAT on correspondent transactions • Demonstrate an understanding of the correspondent allowance • Calculate the allowance receivable by the instructing attorney

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:

$$(20\% \times \text{the year mark}) + (80\% \times \text{mark obtained in the examination})$$

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 2018, you will write the FAC1503 paper in October/November 2018, and if you qualify for a supplementary examination in October/November 2018, you will write the FAC1503 paper in May/June 2019. **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**.

Please note:

If you qualify for a **supplementary examination**, 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.

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	803031
First semester	02	772829
Second semester	01	794550
Second semester	02	745828

8.3.3 Due dates of assignments

Semester	Assignment	Due dates
First semester	01	05 March 2018
First semester	02	06 April 2018
Second semester	01	20 August 2018
Second semester	02	21 September 2018

8.4 Submission of assignments

For more **information and requirements of assignments**, refer to the **Studies @ Unisa brochure**, 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: <ul style="list-style-type: none">• 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 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 ***Studies @ Unisa*** brochure 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 2018 and may write the supplementary examination in October/November 2018 if applicable. If you are registered for the second semester, you will write the examination in October/November 2018 and may write the supplementary examination in May/June 2019 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 script** consists of a book with 12 pages. **Every page has three vertical amount columns on the right hand side (similar to general journal paper).** If you **don't want to or cannot use the columns, ignore them and draw your own columns or T-accounts. You may prefer using a double page to draw a T-account.** The left page will then be the debit side and the page on the right the credit side of an account. **(Ignore the extra columns.)**

Start every question on a new (separate) page. Number each sub-section clearly.

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.

If you obtain **between 40% and 49% as a final mark**, you will be allowed to write a **supplementary examination** (refer to section 8.2). The supplementary examination will be written at the end of the following semester. To pass this supplementary examination, you must obtain **at least 50%** in the examination itself. This means that if you qualify for a supplementary examination in May/June 2018, you will write the FAC1503 second semester paper in October/November 2018. Similarly, students who qualify for a supplementary examination in October/November 2018 will write this paper in May/June 2019 of the following year. You may write **one supplementary examination** per registration. **If you fail the supplementary paper, you must reregister for FAC1503.**

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 Previous examination papers

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

11 FREQUENTLY ASKED QUESTIONS

The *Studies @ Unisa* brochure 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 marking date is determined by the academic planner. **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,

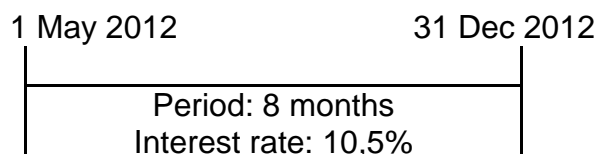
The **interest rate** at which it is invested/borrowed

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 2012 to 31 December 2012	8 months



Total period = 8 months (or 2/3 of a year = 0,6667 years)

(b) Information:

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 2011 to 31 December 2012	1 year and 8 months (or 20 months)



Total period = 20 months (or 1 and 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 2012 to 31 Dec 2012	8 months

Calculation of interest:

R12 000 x 10,5 ÷ 100 x 8 ÷ 12	= <u>R840,00</u>
OR: R12 000 x 0,105 x 8 ÷ 12	= <u>R840,00</u>
OR: R12 000 x 0,105 x 2 ÷ 3	= <u>R840,00</u>
OR: R12 000 x 0,105 x 0,6667	= <u>R840,00</u>

2.2 Period longer than one year

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 2011 to 31 Dec 2012	1 year and 8 months (or 20 months)

Calculation of interest:

R12 000 x 10,5 ÷ 100 x 20 ÷ 12	= <u>R2 100,00</u>
OR: R12 000 x 0,105 x 20 ÷ 12	= <u>R2 100,00</u>
OR: R12 000 x 0,105 x 5 ÷ 3	= <u>R2 100,00</u>
OR: R12 000 x 0,105 x 1,6667	= <u>R2 100,00</u>

ANNEXURE B: PROPOSED STUDY PROGRAMME FOR 2018

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
29/01 to 18/02	Study learning units 1 to 6.
19/02 to 24/02	Do Assignment 01.
01/03	Mail Assignment 01.
05/03	Due date: Assignment 01 (compulsory for examination admittance)
25/02 to 24/03	Study learning units 7 to 9.
25/03 to 01/04	Do Assignment 02.
02/04	Mail Assignment 02.
06/04	Due date: Assignment 02 (compulsory)
27/03 to 06/04	Do comprehensive exercises in the study guide.
07/04 to 13/04	Revise Assignments 01 and 02.
14/04 to 18/04	Work through tutorial letter 102.
19/04 to 21/04	Work through tutorial letter 103.
01/05 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
16/07 to 04/08	Study learning units 1 to 6.
05/08 to 06/08	Do Assignment 01.
08/08	Mail Assignment 01.
20/08	Due date: Assignment 01 (compulsory for examination admittance)
10/08 to 01/09	Study learning units 7 to 9.
02/09 to 03/09	Do Assignment 02.
05/09	Mail Assignment 02.
21/09	Due date: Assignment 02 (compulsory)
09/09 to 14/09	Do comprehensive exercises in the study guide.
15/09 to 20/09	Revise Assignments 01 and 02.
21/09 to 23/09	Work through tutorial letter 102.
24/09 to 01/10	Work through tutorial letter 103.
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 EXAMINATION ADMITTANCE
IN THE FIRST SEMESTER**

**DUE DATE: 05 MARCH 2018
UNIQUE NUMBER: 803031**

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 doing this assignment, please read paragraph 8 of this tutorial letter on plagiarism declaration.**
- 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 *Studies @ Unisa*. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
 - ❖ Carefully work through the relevant tuition material before you attempt this assignment.

ASSIGNMENT 01 – FIRST SEMESTER

DUE DATE: 05 MARCH 2018

UNIQUE NUMBER: 803031

Before you answer the questions of this assignment, you must have studied 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: Where applicable round all answers off to two decimal places after the comma.

1. Which ledger account will be debited and which ledger account will be credited in the accounting records of Wayner and Company Attorneys, when a new computer is purchased on credit for R21 000.
 1. Capital account (debit) and computer equipment account (credit).
 2. Computer equipment account (debit) and trade payables account (credit).
 3. Drawings account (debit) and computer equipment account (credit).
 4. Trade payables (debit) account (debit) and capital account (credit).
 5. Computer equipment account (debit) and trade receivables account (credit).

2. Martins Attorneys charged Mrs Palley a fee of R4 800 (incl. VAT of R589) for her divorce case and R900 (incl. VAT of R111) collection commission for collecting R9 000 from her husband for maintenance.

The correct accounting entries in the general ledger of Martins Attorneys will be to:

1. debit Mrs Palley's client control account with R5 700, credit the fees account with R5 000 and credit the VAT control account with R700.
 2. credit Mrs Palley's client control account with R5 700, debit the fees account with R5 000 and debit the VAT control account with R700.
 3. debit Mrs Palley's client control account with R4 800, credit the fees account with R4 211 and credit the VAT control account with R589.
 4. credit Mrs Palley's client control account with R4 800, debit the fees account with R4 211 and debit the VAT control account with R589.
 5. debit Mrs Palley's client control account with R9 000, credit the fees account with R7 895 and credit the VAT control account with R1 105.
3. Which one of the following statements relating to VAT is incorrect?
 1. Input VAT can be claimed on the purchase of second hand goods from a non-vendor.
 2. VAT paid on a motor vehicle purchased on credit, is input VAT.
 3. Output VAT is payable to the South African Revenue Service (SARS).
 4. Exempted goods and supplies will attract VAT at 0%.
 5. VAT charged on goods sold and services rendered, is known as output VAT.
4. Which one of the following transactions would increase **and** decrease **asset** accounts in the general ledger of Malaki Attorneys?
 1. A cheque drawn to purchase stationery for the law practice.
 2. A cheque drawn by Mr S Malaki for his own personal use.
 3. A cheque drawn to pay the VAT owed to SARS.
 4. A cheque drawn to pay fuel for Malaki Attorney's motor vehicle fleet.
 5. A cheque drawn to pay the municipality as a deposit for water and electricity.

ASSIGNMENT 01, SEMESTER 1 (continued)

5. Mosman Attorneys issued an invoice to a client to the amount of R48 000 (incl VAT).

Which option represents the amount that should be credited to the VAT control account in the general ledger of Mosman Attorneys (assuming VAT of 14%)?

1. R48 000,00
2. R42 105,26
3. R6 720,00
4. R5 894,74
5. R41 280,00

6. Which one of the following statements is **correct**?

A posting to the debit side of a ledger account will always have the following effect on the ledger account indicated below:

1. An increase in the balance of a liability account.
2. A decrease in the amount of an expense account.
3. A decrease in the balance of an owner's drawings account.
4. A decrease in the amount of an income account.
5. A decrease in the amount of an asset account.

7. Which one of the following statements does not form part of a set of financial statements in terms of the Conceptual Financial Framework?

1. Notes, comprising a summary of significant accounting policies and other explanatory information.
2. A statement of cash flows for the period.
3. A statement of financial position as at the end of the period.
4. A statement of changes in equity for the period.
5. A bank reconciliation statement.

8. The following are some of the theoretical principles that all general financial statements must be based on:

- (a) Relevance
- (b) Accrual basis
- (c) Comparability
- (d) Assets
- (e) Income
- (f) Faithful representation
- (g) Going concern

Which one of the following combinations represents the fundamental qualitative characteristics of financial statements in terms of International Accounting Standard 1 (IAS1)?

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

ASSIGNMENT 01, SEMESTER 1 (continued)

9. Which one of the following statements is **incorrect**?
1. The petty cash is used to buy staff refreshments.
 2. The petty cash can be used to pay cash wages irrespective of the amount.
 3. The cash in the petty cash plus the value of the petty cash vouchers should be equal to the cash float.
 4. In terms of the imprest system the amount that restores the petty cash float should be equal to the petty cash expenses for the period.
 5. The petty cash float is restored with a business cheque.
10. A comparison of the bank statement of P Mookgo's law practice as at 31 August 2017 with the business cash journals for the month ended 31 August 2017, revealed that a client has deposited an amount of R6 500 directly into the business bank account on 30 August 2017.

The **correct** accounting procedure in the accounting records of P Mookgo when preparing the bank reconciliation statement is the following:

1. Debit the bank reconciliation statement on 31 August 2017 with an outstanding deposit of R6 500.
 2. Credit the bank reconciliation statement on 31 August 2017 with an outstanding deposit of R6 500.
 3. Make an entry in the cash receipts journal on 30 August 2017 for, R6 500.
 4. Make an entry in the cash payments journal on 30 August 2017 for, R6 500.
 5. Debit the business bank account in the general ledger with an amount of R6 500.
11. On comparing the cash receipts and cash payments journals with the bank statement of Indo Attorneys for June 2017, you ascertained the following:

A cheque for R3 900 made out to a client, T Tiler, has not been presented to the bank for payment.

The **correct** accounting procedure in the accounting records of Indo Attorneys when preparing the bank reconciliation statement is the following:

1. Make an entry in the cash receipts journal for 30 June 2017 for, R3 900.
 2. Make an entry in the cash payments journal for 30 June 2017 for, R3 900.
 3. Debit the bank reconciliation statement at 30 June 2017 with an outstanding cheque of R3 900.
 4. Debit the bank reconciliation statement at 30 June 2017 with an outstanding deposit of R3 900.
 5. Credit the bank reconciliation statement at 30 June 2017 with an outstanding cheque of R3 900.
12. The following entries were recorded in the business cash payments journal of Bell and Coopers Inc for July 2017:

Date	Details	Folio	Sundries	Bank
			R	R
2	Water and electricity	G13	650	650
7	Office rent	G14	3 500	3 500
29	Sheriff fees (client)	G17	175	175
			4 325	4 325

ASSIGNMENT 01, SEMESTER 1 (continued)**Question 12 (continued)**

Which option represents the **correct** postings of the above transactions to the general ledger accounts of Bell and Coopers Inc, for July 2017?

1. Debit business bank account – R4 325; Credit water and electricity account – R650; Credit office rent account – R3 500; Credit clients' control account – R175.
 2. Debit water and electricity account – R650; Debit office rent account – R3 500; Debit clients' control account – R175; Credit business bank account – R4 325.
 3. Debit water and electricity account – R650; Debit office rent account – R3 500; Debit sheriff fees account – R175; Credit business bank account – R4 325.
 4. Debit water and electricity account – R650; Debit office rent account – R3 500; Debit trust creditors control account – R175; Credit business bank account – R4 325.
 5. Debit business bank account – R4 325; Credit water and electricity account – R650; Credit office rent account – R3 500; Credit trust creditors control account – R175.
13. The following entries were recorded in the trust cash payments journal of Bell and Coopers Inc for July 2017:

Date	Details	Folio	Trust creditors	Bank
			R	R
2	B Halei	TCL1	1 750	1 750
7	D Rock - Advocate Andy O'Conner	TCL2	2 450	2 450
29	S Snyman	TCL3	17 000	17 000
			21 200	21 200

Which option represents the correct entries of the above transactions in the general ledger and trust creditors' ledger accounts of Bell and Coopers Inc, for July 2017?

1. **General ledger:**
Debit trust creditors control account – R21 200; Credit trust bank account – R21 200.
Trust creditors ledger:
Debit B Halei – R1 750; Debit D Rock – R2 450; Debit S Snyman – R17 000.
2. **General ledger:**
Debit trust bank account – R21 200; Credit trust creditors control account – R21 200.
Trust creditors ledger:
Debit B Halei – R1 750; Credit D Rock – R2 450; Credit S Snyman – R17 000.
3. **General ledger:**
Debit trust bank account – R21 200; Credit trust creditors control account - R21 200.
Trust creditors ledger:
Credit B Halei – R1 750; Credit A O'Conner – R2 450; Credit S Snyman – R17 000.
4. **General ledger:**
Debit trust creditors control account – R21 200; Credit trust bank account – R21 200.
Trust creditors ledger:
Debit B Halei – R1 750; Debit A O'Conner – R2 450; Debit S Snyman – R17 000.
5. **General ledger:**
Debit trust creditors control account – R21 200; Credit trust bank account – R21 200.
Trust creditors ledger:
Debit B Halei – R1 750; Debit D Rock – R2 450; Credit A O'Conner – R2 450; Debit S Snyman – R17 000.

ASSIGNMENT 01, SEMESTER 1 (continued)

The following information is applicable to questions 14 and 15:

Haggai Attorneys entered into the following transactions during October 2017:

2017

- Oct 3 Received R8 000 from Mrs Lotter as a deposit towards the cost of her divorce proceedings.
5 Paid the insurance account, R1 345.
13 Debited fees for rendering a legal service to S Soonay to the amount of R2 700.
15 Debited fees to Mrs Lotter's account for the services rendered in her divorce case, R4 350.
21 D Dollas's account was in arrears and charged with interest on the outstanding balance, R528.
25 Office rental for the month paid in cash, R5 500.
28 Purchased computers on credit to the amount of R11 500.
30 Paid salaries to the amount of R16 350.
31 Transferred R3 750 to the business account from Mrs Lotter's trust account.

14. Which journals will be affected by the transactions above?

1. General journal, fees journal, trust cash receipts journal, business cash payments journal and trust cash payments journal.
2. Trust cash payment journal and trust cash receipts journal.
3. Fees journal and business cash receipts journal.
4. General journal, fees journal, business and trust cash receipts journals and business and trust cash payments journals.
5. General journal, fees journal and trust cash receipts journal.

15. Which of the following entries are **correct in the subsidiary journals**?

1.

Fees Journal				
Date	Details	Folio	Clients control	Fees
			R	R
13	S Soonay	CL1	2 700	2 700
31	Mrs Lotter	CL2	3 750	3 750
2.

Trust cash receipts journal				
Date	Details	Folio	Trust payables	Bank
			R	R
3	Mrs Lotter	TCL1	8 000	8 000
13	S Soonay	TCL2	2 700	2 700
3.

Fees Journal				
Date	Details	Folio	Clients control	Fees
			R	R
13	S Soonay	CL1	2 700	2 700
15	Mrs Lotter	CL2	4 350	4 350
4.

Trust cash receipts journal				
Date	Details	Folio	Trust payables	Bank
			R	R
3	Mrs Lotter	TCL1	8 000	8 000
15	Mrs Lotter	TCL2	4 350	4 350

ASSIGNMENT 01, SEMESTER 1 (continued)**Question 15 (continued)**

5.

Trust cash receipts journal				
Date	Details	Folio	Trust payables	Bank
			R	R
3	S Soonay	TCL2	8 000	8 000
31	Mrs Lotter	TCL1	3 750	3 750

ANNEXURE D: ASSIGNMENT 02 – FIRST SEMESTER

**THIS ASSIGNMENT IS
COMPULSORY
FOR THE FIRST SEMESTER**

**DUE DATE: 06 APRIL 2018
UNIQUE NUMBER: 772829**

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 doing this assignment, please read paragraph 8 of this tutorial letter on plagiarism declaration.**
- 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 *Studies @ Unisa*. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
 - ❖ Carefully work through the relevant tuition material before you attempt this assignment.

ASSIGNMENT 02 – FIRST SEMESTER**DUE DATE: 06 APRIL 2018****UNIQUE NUMBER: 772829**

Before you answer the questions of this assignment, you must have studied 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: Where applicable round off all answers to two decimal places after the comma.

1. Which one of the following statements is **incorrect**?
 1. A client's trust money can be used to pay an advocate's fees for his services rendered.
 2. A client's trust money can be transferred to the attorney's business bank account for the refund of payments made from the business bank account on behalf of the client.
 3. A client's trust money can be transferred to the business bank account for the payment of the rates and taxes on a property transaction.
 4. A client's trust money can be transferred to the business bank account for the payment of the attorney's fees.
 5. A client's trust money can be used to pay the pro-forma invoice/debit note issued by the attorney for his services to be rendered.
2. The following balances **before** the attorney's fees were posted to the clients' and trust creditors' ledgers, relates to Dlamini Attorneys on 30 November 2017:

Client	Balance in clients' ledger	Balance in trust creditors' ledger	Attorney's fees to be charged
	R	R	R
Mr Zulu	Nil	5 000 Cr	3 000
Mr Booï	Nil	8 000 Cr	10 000
Mr Khanyesa	Nil	1 000 Dr	6 000
	Nil	12 000	19 000

What will the total amount be that must be transferred to the business bank account from the trust bank account **after** the fees have been posted to the different ledgers?

1. R19 000
 2. R12 000
 3. R20 000
 4. R17 000
 5. R18 000
3. The following balances were obtained from the accounting records of the attorneys practice, XYZ Incorporated on 30 March 2018:

Client	Trust creditor account	Client account
	R	R
M Chetty	2 000 Cr	5 000 Dr
L Singh	5 000 Cr	9 000 Dr
	7 000	14 000

ASSIGNMENT 02, SEMESTER 1 (continued)

Question 3 (continued)

The following transactions took place and were accounted for on 31 March 2018:

Client	Received from client	Fees charged at the end of the day
	R	R
M Chetty	10 000	6 000
L Singh	4 000	3 000
	14 000	9 000

The services to Mr Chetty and Mr Singh were successfully completed on 30 March 2018.

What will the total amount be that must be transferred from the trust bank account to the business bank account on 31 March 2018?

1. R9 000
 2. R21 000
 3. R23 000
 4. R20 000
 5. R6 000
4. Which one of the following options, with regards to trust investments, is **not** a requirement of section 78(2A) of the Attorneys Act?
1. The investment can only be done on the written instructions of the client.
 2. The funds can be invested in a savings account or other interest-bearing account also used for other clients.
 3. The attorney must have sole authority over it.
 4. The account must refer to section 78(2A) of the Attorneys Act, both on the bank statements and investment account in the trust creditors ledger.
 5. The funds so invested must first be deposited in the trust bank account (cheque account).
5. Which one of the following options is **correct**?
- Transfers of trust moneys from the trust bank account to the business bank account must at least be done:
1. on a daily basis
 2. on a weekly basis
 3. on a two-weekly basis
 4. on a monthly basis
 5. on a three-monthly basis
6. The following interest earned on the trust accounts in term of the Legal Practice Act (Act 28 of 2014), must be paid over to the Attorneys Fidelity Fund by the law practitioner:
- (a) section 86(2) trust account
 - (b) section 86(3) investment
 - (c) section 86(4) investment

ASSIGNMENT 02, SEMESTER 1 (continued)**Question 6 (continued)**

1. (a) + (b)
2. (a) + (b) + (c)
3. (a) + (b) + 95% of (c)
4. (a) + (b) + 5% of (c)
5. (a) + (b) + 50% of (c)

The following information is applicable to questions 7 and 8:

The following information was obtained from the accounting records of Thompson Attorneys Incorporated:

On 1 April 2017, Mr X Zurich, a client of the practice, handed a cheque to the amount of R100 000 to Mr Thompson and requested him to invest the money in a fixed deposit account at ABC Bank in terms of section 78(2A) of the Attorneys Act. The money was kept in trust to the benefit of Mr X Zurich to be used by him to purchase a business. On 31 July 2017, Mr X Zurich requested that the investment be withdrawn and R100 000 be paid to Mr C Crawford, the seller of the business. Thompson Attorneys Incorporated received R104 000 from ABC Bank on the same day.

7. What should the accounting entry/entries in the general ledger of Thompson Attorneys Incorporated be to account for the R100 000 investment on 1 April 2017?

Choose one of the following options:

1. Debit X Zurich section 78(2A) investment: ABC Bank – R100 000; Credit clients control account – R100 000.
2. Debit X Zurich section 78(2A) investment: ABC Bank – R100 000; Credit trust creditors control account – R100 000.
3. Debit trust bank account – R100 000; Credit trust creditors control account – R100 000; Debit trust creditors control account – R100 000; Credit trust bank account – R100 000.
4. Debit trust bank account – R100 000; Credit clients control account – R100 000; Debit X Zurich section 78(2A) investment: ABC Bank – R100 000; Credit trust bank account – R100 000.
5. Debit trust investments account – R100 000; Credit trust creditors control account – R100 000.

8. What will the journal entry in the accounting records of Thompson Attorneys Incorporated be to account for the interest received from ABC Bank on the section 78(2A) investment of Mr X Zurich on 31 July 2017?

Journal narratives are not required.

Choose one of the following options:

1. Trust journal

Date	Accounts	Debit	Credit
		R	R
Jul 31	X Zurich section 78(2A) Investment Trust creditor: Attorneys Fidelity Fund	4 000	4 000

ASSIGNMENT 02, SEMESTER 1 (continued)

Question 8 (continued)

2. Business journal

Date	Accounts	Debit	Credit
		R	R
Jul 31	X Zurich section 78(2A) Investment Business creditors control (X Zurich)	4 000	4 000

3. Trust journal

Date	Accounts	Debit	Credit
		R	R
Jul 31	X Zurich section 78(2A) Investment Trust creditor: X Zurich	4 000	4 000

4. Business journal

Date	Accounts	Debit	Credit
		R	R
Jul 31	X Zurich section 78(2A) Investment Interest received	4 000	4 000

5. Trust journal

Date	Accounts	Debit	Credit
		R	R
Jul 31	X Zurich section 78(2A) Investment Interest received: X Zurich	4 000	4 000

9. What should the accounting entry in the general ledger of Thompson Attorneys Incorporated be to account for the payment to Mr C Crawford?

Choose one of the following options:

1. Debit business creditors control account – R100 000; Credit X Zurich section 78(2A) investment account – R100 000.
 2. Credit business bank account – R100 000; Debit X Zurich section 78(2A) investment account – R100 000.
 3. Debit trust creditors control account – R100 000; Credit X Zurich section 78(2A) investment account – R100 000.
 4. Debit trust creditors control account – R100 000; Credit trust bank account – R100 000.
 5. Debit clients control account – R100 000; Credit trust bank account – R100 000.
10. Which one of the following options best describes what an instructed attorney (correspondent) is?
1. An instructed attorney is an attorney who, on a regular basis renders a service to another attorney by issuing legal opinions on matters regarding the other attorney's clients, on request of the other attorney.
 2. An instructed attorney is an attorney who, on a regular basis requests another attorney to issue legal opinions on matters with regards to his clients.
 3. An instructed attorney is an attorney that regularly renders services on behalf of another attorney who does not have access to the jurisdiction where the services are to be rendered.

ASSIGNMENT 02, SEMESTER 1 (continued)**Question 10 (continued)**

4. An instructed attorney is another attorney's firm that regularly requests other attorneys in jurisdiction to which the firm does not have access to, to render services to his (instructed attorney) clients.
 5. An instructed attorney is an attorney that is instructed by the Court to render services to a client on a pro-bono basis.
11. Mr Mabaso from M&B Attorneys in Tswane instructed Mr Patel from Patel Attorneys in Tzaneen to recover R7 000 from Mr Marapo on behalf of his client, Mrs Marapo, for maintenance as per the Court's instruction in their divorce case.

Patel Attorneys collected R7 000 from Mr Marapo and paid the Sheriff R250. The practice levied the following fees:

- receiving of instruction – R200
- issuing summons – R800
- collection communication – R700

What will the allowance be that Mr Mabaso is entitled to? (Ignore any VAT implications)

Choose the **correct** option below:

1. R650
 2. R567
 3. R1 300
 4. R1 134
 5. R1 767
12. What is the amount of collection commission that an attorney is entitled to if R30 000 was collected by him once-off?

Choose one of the following options:

1. R1 500
 2. R3 000
 3. R10 000
 4. R5 000
 5. R1 000
13. The following information was obtained from the accounting records of Miller Attorneys:

On 1 February 2018 Miller Attorneys was instructed by Heine Attorneys to register a company Capital Ltd for Mr H Els.

On 21 February, the company was registered and Miller Attorneys levied the following fees:

- registration of company – R3 200
- correspondence fee – R100

Which entries must be made in the ledgers of Miller Attorneys to account for the above transactions?

ASSIGNMENT 02, SEMESTER 1 (continued)

Question 13 (continued)

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

1. **General ledger:**
Debit clients control account – R2 200; Credit fees account – R2 200.
Clients ledger:
Debit Heine Attorneys account – R2 200.
2. **General ledger:**
Debit trust creditors control account – R2 200; Credit fees account – R2 200.
Trust creditors ledger:
Debit Heine Attorneys account – R2 200.
3. **General ledger:**
Debit clients control account – R3 300; Credit fees account – R2 200; Credit trust creditors control account – R1 100.
Clients ledger:
Debit H Els account – R3 300.
Trust creditors ledger:
Credit Heine Attorneys account – R1 100.
4. **General ledger:**
Debit clients control account – R1 100; Credit fees account – R1 100.
Clients ledger:
Debit Heine Attorneys account – R1 100.
5. **General ledger:**
Debit clients control account – R3 300; Credit fees account – R3 300;
Credit clients control account – R1 100; Debit fees account – R1 100.
Clients ledger:
Debit Heine Attorneys account – R3 300; Credit Heine Attorneys account – R1 100.

14. The following account statement was issued by Atlantic Attorneys on 31 January 2018:

Atlantic Attorneys		
Pacific Attorneys P.O. Box 567 Johannesburg 2000	P.O. Box 123 Pretoria 0001 31 January 2018	
	R	R
J Aboo vs K Naidoo		
Collection (30/01/2018)		9 000
Fees for receiving instruction	500	
Fees for preparing of summons (31/01/2018)	100	
Sheriff costs (26/01/2018)	200	
Collection fee (31/01/2018)	900	
Your 1/3 allowance		500
Cheque herewith	7 800	
	9 500	9 500

ASSIGNMENT 02, SEMESTER 1 (continued)**Question 14 (continued)**

Which of the following options will correctly reflect the client's account in the clients' ledger of the instructed attorney's accounting records **after** the transfer of trust monies to/from the business bank account?

Dr				Atlantic Attorneys (B)				Cr	
2018 Jan 31	Fees	FJ1	R 500	2018 Jan 31	Atlantic Attorneys (Transfer)	TFJ1	R 500		

Dr				Atlantic Attorneys (B)				Cr	
2018 Jan 31	Fees	FJ1	R 1 500	2018 Jan 31	Fees Atlantic Attorneys (Transfer)	FJ1 TFJ1	R 500 1 000 1 500		
			1 500						

Dr				Pacific Attorneys (B)				Cr	
2018 Jan 26 31	Sheriff Fees	BCPJ FJ1	R 200 1 500	2018 Jan 31	Fees (1/3) Pacific Attorneys (Transfer)	FJ1 TFJ1	R 500 1 200 1 700		
			1 700						

Dr				Pacific Attorneys (B)				Cr	
2018 Jan 26 31	Sheriff Fees	BCPJ FJ1	R 200 1 500	2018 Jan 31	Fees (2/3) Pacific Attorneys (Transfer)	FJ1 TFJ1	R 1 000 700 1 700		
			1 700						

Dr				Atlantic Attorneys (B)				Cr	
2018 Jan 26 31	Sheriff Fees	BCPJ FJ1	R 200 1 500	2018 Jan 31	Fees (1/3) Atlantic Attorneys (Transfer)	FJ1 TFJ1	R 500 1 200 1 700		
			1 700						

15. The following information was obtained from the accounting records of Snyman Attorneys:

Mr Snyman from Snyman Attorneys received an instruction from de Jager Attorneys to act on his behalf in a third party case of one of his clients, Mr White.

The following expenses and fees were incurred and levied by de Jager Attorneys regarding the case:

ASSIGNMENT 02, SEMESTER 1 (continued)

Question 15 (continued)

- acquisition of police report – R160
- advocate fees – R5 000
- fees for receiving instruction – R500
- fees for representation – R2 000

What will the amount of VAT be that should be levied by Snyman Attorneys?

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

1. R1 064
2. R1 050
3. R350
4. R280
5. Rnil (de Jager Attorneys must levy the VAT)

ANNEXURE E: ASSIGNMENT 01 – SECOND SEMESTER

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

**DUE DATE: 20 AUGUST 2018
UNIQUE NUMBER: 794550**

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 answering this assignment, please read paragraph 8 of this tutorial letter on plagiarism declaration.**
- 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.**
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 - ❖ 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 *Studies @ Unisa*. Read these instructions **thoroughly** and follow them **exactly** to avoid mistakes.
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ASSIGNMENT 01 – SECOND SEMESTER

DUE DATE: 20 AUGUST 2018

UNIQUE NUMBER: 794550

Before you answer the questions of this assignment, you must have studied 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: Where applicable round off all answers to two decimal places after the comma.

1. Which one of the following statements is **correct**?

A posting to the credit side of a ledger account will always have the following effect on the ledger account indicated below:

1. A decrease in the balance of a liability account.
2. A decrease in the amount of an expense account.
3. An increase in the balance of an owner's drawings account.
4. A decrease in the amount of an income account.
5. An increase in the amount of an asset account.

2. Which one of the following statements relating to VAT is **correct**?

1. VAT on a motor vehicle purchased on credit from Tom Motors is output VAT.
2. Zero-rated goods and supplies will attract VAT at 0%.
3. Input VAT is payable to the South African Revenue Service (SARS).
4. VAT on goods sold and services rendered, is input VAT.
5. Output VAT is claimable from SARS.

3. Which one of the following transactions increases **and** decreases **asset** accounts in the general ledger of Phuleng Attorneys?

1. A cheque drawn to pay the telephone bill of the practice.
2. Phuleng Attorneys purchased stationery on credit from CNP Stationers.
3. A donation of a second-hand laptop to Makapanstad Charity Organisation.
4. A cheque drawn to pay City Property as a deposit for office rent.
5. Mrs B Phuleng took stationery for her own personal use.

4. The following are some of the theoretical principles that all general financial statements must be based on:

- (a) Relevance
- (b) Accrual basis
- (c) Materiality
- (d) Assets
- (e) Income
- (f) Faithful representation
- (g) Going concern

Which one of the following combinations represents the underlying assumptions in financial statements in terms of International Accounting Standard 1 (IAS1)?

- 1 (b), (f) and (g)
- 2 (a), (b), (c) and (f)
- 3 (c) and (f)

ASSIGNMENT 01, SEMESTER 2 (continued)**Question 4 (continued)**

- 4 (d), (b) and (f)
 - 5 (b) and (g)
5. Tailor Attorneys issued an invoice to a client to the amount of R30 000 (including VAT at 14%). Which option represents the amount that must be credited to the fees account in the general ledger?
1. R30 000,00
 2. R26 315,79
 3. R25 800,00
 4. R34 200,00
 5. R26 500,00
6. Motyoli Attorneys paid advocate fees of R2 200 (incl VAT) on behalf of Mrs Smiley for her divorce case and charged R700 collection fee for collecting R7 000 from her husband for maintenance.
- The correct accounting entries in the general ledger of Motyoli Attorneys is the following (assuming VAT of 14%):
1. Debit the client control account with R9 200, credit the fees account with R8 070 and credit VAT control account with R1 130.
 2. Credit the client control account with R2 900, debit the fees account with R2 544 and debit the VAT control account with R356.
 3. Credit the client control account with R2 900, debit the fees account with R1 930, credit the business bank account with R700 and debit the VAT control account with R270.
 4. Debit the client control account with R2 900, credit the fees account with R614, credit the business bank account with R2 200 and credit the VAT control account with R86.
 5. Debit the trust creditors control account with R2 900, credit the fees account with R614, credit the trust bank account with R2 200 and credit the VAT control account with R86.
7. Which ledger account will be debited and which ledger account will be credited in the accounting records of Mishmash and Company Attorneys when a new motor vehicle is purchased from Highland Motors on credit for R150 000.
1. Debit motor vehicles account and credit trade receivables account.
 2. Debit Highland Motors account and credit motor vehicles account.
 3. Debit capital account and credit motor vehicles account.
 4. Debit motor vehicles account and credit trade payables account.
 5. Debit motor vehicles account and credit bank account.
8. Which one of the following statements forms part of a set of financial statements in terms of the Conceptual Financial Framework?
1. A trail balance statement.
 2. A client's monthly statement.
 3. A bank reconciliation statement.

ASSIGNMENT 01, SEMESTER 2 (continued)

Question 8 (continued)

4. Statement of profit and loss and other comprehensive income.
 5. A pro forma trust creditor's statement.
9. Internal control in an attorney's practice will adopt some of the following control mechanisms.
- (a) The use of trial balance prepared on a monthly basis.
 - (b) The use of control accounts, i.e. clients, creditors and trust creditors control accounts.
 - (c) Set up policy to deposit cash receipts on a daily basis.
 - (d) Preparation of bank reconciliation statements on a frequent basis, at least once a month.
 - (e) As per section 78 of the Attorney's Act No 53 of 1979, the trust and business banking accounts must be kept and recorded separately by the practice.

Which option reflects the **correct** statements?

1. (a), (b), (c); (d) and (e)
 2. (b) and (c)
 3. (b), (d) and (e)
 4. (a), (c) and (d)
 5. (a), (b) and (e)
10. On comparing the cash receipts and cash payments journals of Alpha Attorneys with the bank statement as at 30 June 2017, the following were revealed:

A cheque to the amount of R3 750 received from a client M Mools, on 25 June 2017 has not been processed successfully by the bank. On further investigation, it was discovered that the client did not have sufficient funds when the cheque was presented for payment and the bank referred the cheque back to the drawer on 29 June 2017.

What will the correct treatment of the cheque be, in the accounting records of Alpha Attorneys when the bank reconciliation is done?

1. Credit the bank reconciliation statement on 30 June 2017 with an outstanding deposit of R3 750.
2. Make an entry in the cash receipts journal on 30 June 2017 for, R3 750.
3. Debit the bank reconciliation statement on 30 June 2017 with an error of R7 500.
4. Make an entry in the cash payments journal on 30 June 2017 for, R3 750.
5. Debit the bank reconciliation statement on 30 June 2017 with an outstanding cheque of R3 750.

11. On comparing Gregorys Attorneys' business cash receipts and cash payments journals with the bank statement as at 30 September 2017, you ascertained the following:

1. Items that appeared in the cash journals of 30 September 2017 but not on the bank statement:

	R
1.1 A deposit on 30 September 2017.....	2 500
1.2 Cheque issued to a client on 30 September 2017.....	1 300

2. Items that appeared on the bank statement but not on the cash journals of 30 September 2017:

ASSIGNMENT 01, SEMESTER 2 (continued)**Question 11 (continued)**

2.1 A deposit paid directly into the entity's bank account by a client	250
2.2 Bank charges	270
3. A cheque which was shown as outstanding on the 31 August 2017 bank reconciliation statement has not yet been presented to the bank for payment.....	290
4. Additional information: The bank balances in the general ledger were as follows:	
Overdraft on 01 September 2017	500
Favourable on 30 September 2017(before the bank reconciliation is done)	220

Which of the following amounts represents the balance as per bank statement at 30 September 2017?

1. favourable R710
2. unfavourable R1 000
3. favourable R430
4. unfavourable R710
5. favourable R1 000

The following information is applicable to questions 12 and 13: 1 February 2018

The following transactions took place during the month of August 2017 in the practice of Lulama Attorneys.

2017

- Oct 3 Received R4 500 from Mr Ukhotsa as a deposit towards the cost of a property transfer which he instructed attorney Lulama to institute on his behalf.
- 5 Paid the insurance account, R862.
- 11 Debited fees for rendering a legal service to S Snoopy to the amount of R2 400.
- 18 Debited fees to Mr Ukhoso's account for services rendered, R2 850.
- 21 R Dam's account was written off as irrecoverable. R Dam owed R570 on 1 July and admin fees and other charges were charged on 31 July, balance on 20 August is R630.
- 25 Paid R4 000 to advocate Smith for services rendered to client L Jordaan. The balance of his account in the trust creditors ledger was R5 000 before the payment.
- 28 Purchased stationery on credit to the amount of R1 500.
- 30 Paid salaries to the amount of R12 860.
- 31 Transferred R2 000 to the business account from a client's trust account.

12. In which subsidiary journals will the transactions on the 3rd, 11th, 25th, 28th and 31st of August 2017 above, be recorded?
1. General journal, fees journal, trust cash receipts journal, trust cash payments journal, business cash payments journal and transfer journal.
 2. Trust cash payment journal and trust cash receipts journal.
 3. Fees journal and business cash receipts journal.
 4. General journal, fees journal, trust cash payments journal, trust cash receipts journal, Business cash receipts journal and transfer journal.
 5. General journal, fees journal and trust cash receipts journal.

ASSIGNMENT 01, SEMESTER 2 (continued)

13. Which of the following entries are **correct in the subsidiary journals** to record the transaction on the 21st of August 2017?

1.

General Journal				
Date	Details	Folio	Debit	Credit
21	Credit losses Clients control account (R Dam) Clients account written off	G15 CL1	R 630	R 630
2.

General Journal				
Date	Details	Folio	Debit	Credit
21	Clients control account (R Dam) Credit losses Clients account written off	CL1 G15	R 630	R 630
3.

General Journal				
Date	Details	Folio	Debit	Credit
21	Credit losses Clients control account (R Dam) Clients account written off	G15 CL1	R 570	R 570
4.

General Journal				
Date	Details	Folio	Debit	Credit
21	Clients control account (R Dam) Credit losses Clients account written off	CL1 G15	R 570	R 570
5.

General Journal				
Date	Details	Folio	Debit	Credit
21	Credit losses Admin fees Clients control account (R Dam) Clients account written off	G15 G12 CL1	R 630	R 60 570

14. The following entries were recorded in the business cash payments journal of Cook Attorneys for July 2017.

Date	Details	Folio	Sundries	Bank
			R	R
12	Insurance	G13	862	862
25	Rental	G14	4 000	4 000
30	Salaries	G17	12 880	12 880
			17 742	17 742

ASSIGNMENT 01, SEMESTER 2 (continued)**Question 14 (continued)**

Which option represents the correct postings to the general ledger accounts of Cook Attorneys for 31 July 2017?

1. Debit general office expenses account – R17 742; Credit business bank account – R17 742.
 2. Debit insurance account – R862; Debit rental expenses account – R4 000; Debit salaries account – R12 880; Credit business bank account – R17 742.
 3. Debit sundries account – R17 742 and Credit business bank account – R17 742.
 4. Debit insurance account – R862; Debit rental income account – R4 000; Debit salaries account – R12 880; Credit business bank account – R17 742.
 5. Credit insurance account – R862; Credit rental account – R4 000; Credit salaries account – R12 880.
15. The following entries were recorded in the trust cash receipts journal of ABC Attorneys Incorporated, for May 2017.

Date	Details	Folio	Trust receipts	Bank
			R	R
2	B Hellord	TCL1	2 850	2 850
19	S Sono	TCL3	3 860	3 860
			6 710	6 710

Which option represents the correct entries in the general ledger, trust creditors ledger and the clients' ledger accounts of ABC Attorneys Incorporated on 31 May 2017?

1. **General ledger:**
Debit client control account – R6 710; Credit trust bank account – R6 710.
Clients ledger:
Debit B Hellord – R2 850; Debit S Sono – R3 860.
2. **General ledger:**
Debit trust creditors control account – R6 710; Credit trust bank account – R6 710.
Trust creditors ledger:
Debit B Hellord – R2 850; Debit S Sono – R3 860.
3. **General ledger:**
Debit trust bank account – R6 710; Credit clients control account – R6 710.
Clients ledger:
Credit B Hellord – R2 850; Credit S Sono – R3 860.
4. **General ledger:**
Debit trust bank account – R6 710; Credit trust creditors control account – R6 710.
Trust creditors ledger:
Credit B Hellord – R2 850; Credit S Sono – R3 860.
5. **General ledger:**
Debit trust bank account – R6 710; Credit trust creditors control account – R6 710.
Trust creditors ledger:
Debit B Hellord – R2 850; Debit S Sono – R3 860.

ANNEXURE F: ASSIGNMENT 02 – SECOND SEMESTER

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

**DUE DATE: 21 SEPTEMBER 2018
UNIQUE NUMBER: 745828**

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.
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 - ❖ Carefully work through the relevant tuition material before you attempt this assignment.

ASSIGNMENT 02 – SECOND SEMESTER
DUE DATE: 21 SEPTEMBER 2018
UNIQUE NUMBER: 745828

Before you answer the questions of this assignment, you must have studied 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: Where applicable round off all answers to two decimal places after the comma.

1. Which one of the following statements is **correct**?
 1. The trust bank balance should be equal to or greater than the total of the list of balances of the clients' accounts.
 2. The trust bank balance should be equal to or greater than the total of the list of balances of the trust creditors' accounts.
 3. The trust bank balance should be equal to or greater than the balance of the business bank account.
 4. The trust bank balance should be equal to or greater than the fees payable to the attorney for services rendered.
 5. The trust bank balance should be equal to or greater than the total of the list of balances of the creditors accounts.
2. The following balances **before** the attorney's fees were posted to the ledgers, relates to Bewise Attorneys:

Client	Balance in clients' ledger	Balance in trust creditors' ledger	Attorney's fees to be charged
	R	R	R
Mr Honey	Nil	12 000 Cr	15 000
Mr Bee	Nil	★ 9 000 Cr	7 000
Mr Sting	Nil	10 000 Cr	7 000
	Nil	31 000	29 000

★ Included in the trust creditors balance of Mr Bee is R3 000 earmarked for the payment off dolomite studies done by Dr van Aarde, a geologist.

What will the total amount be that must be transferred to the business bank account from the trust bank account **after** the fees have been posted to the different ledgers?

1. R26 000
 2. R31 000
 3. R25 000
 4. R29 000
 5. R32 000
3. The following balances were obtained from the accounting records of Solomon Attorneys Incorporated on 27 February 2018:

Client	Trust creditor account	Client account
	R	R
H Els	7 000 Cr	4 000 Dr
M Evans	10 000 Cr	2 000 Dr
	17 000 Cr	6 000 Dr

ASSIGNMENT 02, SEMESTER 2 (continued)

Question 3 (continued)

The following transactions took place and were accounted for in the accounting records on 28 February 2018:

Client	Payments from trust bank	Fees charged at the end of the day
	R	R
H Els	3 000	2 000
M Evans	4 000	3 000
	7 000	5 000

What will the total amount be that must be transferred from the trust bank account to the business bank account on 28 February 2018?

1. R12 000
2. R9 000
3. R10 000
4. R16 000
5. R17 000

4. Which one of the following options is **correct**?

Interest received on an investment in terms of section 78(2)(a) of the Attorneys Act accrues to:

1. the attorney's practice
2. the Attorney's Fidelity Fund
3. the client
4. the Law Society of South Africa
5. the bank

5. Which one of the following options is **incorrect**?

Withdrawals from the trust bank account can only be made in the following instances:

1. to pay a trust creditor
2. to pay a third party (e.g. advocate) for services rendered by the third party to the trust creditor
3. transfer of trust money to the business bank account for services rendered by the attorney to the client
4. to pay the auditor for auditing the trust
5. transfer of trust money to the business bank account for payments made from the business bank account on behalf of the client

6. The following interest earned on the trust accounts in terms of the Attorneys Act (Act 53 of 1979), must be paid over to the Attorneys Fidelity Fund by the law practitioner:

- (a) section 78(1) trust account
- (b) section 78(2)(a) investment
- (c) section 78(2A) investment

ASSIGNMENT 02, SEMESTER 2 (continued)**Question 6 (continued)**

Which one of the following options is **correct**?

1. (a) + (b) + (c)
2. (a) + (b) + 50% of (c)
3. (a) + (b) + 95% of (c)
4. (a) + (b)
5. (a)

The information below pertains to questions 7 and 8:

The following information was obtained from the accounting records of Ntini Attorneys:

On 1 February 2018, Mr N Ndlovu, a client of the practice, handed a cheque to the amount of R200 000 to Mr Ntini and requested him to invest the money in a fixed deposit account at Rich Bank in terms of section 86(4) of the Legal Practice Act. The money was to be kept in trust to the benefit of Mr N Ndlovu. On 31 March 2018, Mr N Ndlovu requested that the investment be withdrawn and R200 000 be paid to Mrs P Ndlovu as settlement of their divorce. Ntini Attorneys received R203 000 from Rich Bank on the same day.

7. What should the accounting entry/entries in the general ledger of Ntini Attorneys be to account for the R203 000 received from Rich Bank on 31 March 2018?

Choose one of the following options:

1. Debit trust bank account – R203 000; Credit clients control account – R203 000; Credit N Ndlovu section 86(4) investment: Rich Bank – R203 000; Debit clients control account – R203 000.
 2. Debit trust creditors control account – R203 000; Credit N Ndlovu section 86(4) investment: Rich Bank – R203 000.
 3. Debit clients control account – R203 000; Credit N Ndlovu section 86(4) investment: Rich Bank – R203 000.
 4. Debit trust bank account – R203 000; Credit trust creditors control account – R203 000.
 5. Debit trust creditors control account – R203 000; Credit trust investments account – R203 000.
8. What will the journal entry in the accounting records of Ntini Attorneys be to account for the interest received from Rich Bank on the section 86(4) investment of Mr N Ndlovu on 31 March 2018?

Journal narratives are not required.

Choose one of the following options:

1. Business journal

Date	Accounts	Debit	Credit
March 31	N Ndlovu - Section 86(4) Investment Interest received	R 3 000	R 3 000

ASSIGNMENT 02, SEMESTER 2 (continued)

Question 8 (continued)

2. Trust journal

Date	Accounts	Debit	Credit
		R	R
March 31	N Ndlovu - Section 86(4) Investment Trust creditor: N Ndlovu	3 000	3 000

3. Trust journal

Date	Accounts	Debit	Credit
		R	R
March 31	N Ndlovu - Section 86(4) Investment Trust creditor: N Ndlovu Trust creditor: Attorneys Fidelity Fund	3 000	2 850 150

4. Business journal

Date	Accounts	Debit	Credit
		R	R
March 31	N Ndlovu - Section 86(4) Investment Trust creditors control Business creditors control: Attorneys Fidelity Fund	3 000	2 850 150

5. Trust journal

Date	Accounts	Debit	Credit
		R	R
March 31	N Ndlovu - Section 86(4) Investment Trust creditor: N Ndlovu Trust creditor: Attorneys Fidelity Fund	3 000	150 2 850

9. Which one of the following information need not be included in the account statement that the practitioner must issue to the client?
1. Details of all amounts received in connection with the matter concerned.
 2. Details of all expenses and other payments regarding the matter.
 3. Fees and other charges levied to or raised against the client.
 4. The amount due to or by the client.
 5. The name and contact number of the auditor of the practice for any complaints by the client.
10. Which one of the following statements with regards to correspondents is **incorrect**?
1. The instructing attorneys are treated as clients in the accounting records of the instructed attorneys.
 2. Amounts received by the instructed attorney on behalf of the instructed attorney are treated as business receipts.
 3. A fee charged by an instructed attorney to an instructing attorney is dealt with as a business transaction.

ASSIGNMENT 02, SEMESTER 2 (continued)**Question 10 (continued)**

4. A business account is opened in the accounting records of both the instructing attorney and the instructed attorney.
 5. A trust creditors account is opened in the accounting records of both the instructing and instructed attorney in the case of trust monies received.
11. Mr Roos from Roos & Company was instructed by Mr Kriel from Kriel Attorneys to recover R8 000 from Mr Bezuidenhout for money owed to Star Enterprisers. The account statement sent by Roos & Company to Kriel Attorneys contained inter alia the following:
- collected – R8 000
 - sheriff fees – R250
 - fees for receiving instruction – R220
 - fees for preparing of summons – R100
 - correspondence – R30
 - collection fee – R800

What will the allowance be that Mr Kriel is entitled to? (Ignore any VAT implications)

Choose the **correct** option below:

1. R467
 2. R457
 3. R383
 4. R767
 5. R934
12. What is the amount of collection commission that an attorney is entitled to if R36 000 was collected by him once-off?

Choose one of the following options:

1. R1 800
 2. R12 000
 3. R1 200
 4. R1 000
 5. R3 600
13. The following information was obtained from the accounting records of ABC Attorneys Inc:

On 15 May 2018, ABC Attorneys Inc instructed JFK Attorneys to settle the divorce case of ABC Attorneys Inc's client Mrs Ngoben in court.

On 30 May 2018, the divorce case was settled and JFK Attorneys levied the following fees:

- fees for receiving instruction – R200
- fees for settling the divorce – R5 800

ABC Attorneys Inc issued a cheque of JFK Attorneys for the fees owed.

Which entries must be made in the ledgers of ABC Attorneys Inc to account for the above transactions?

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

ASSIGNMENT 02, SEMESTER 2 (continued)

Question 13 (continued)

1. **General ledger:**

Debit clients control account – R2 000; Credit fees account – R2 000;
Debit clients control account – R6 000; Credit clients control account – R6 000;
Debit clients control account – R4 000; Credit business bank account – R4 000.

Clients ledger:

Debit JFK Attorneys' account – R2 000; Debit Mrs Ngobeni's account – R6 000;
Credit JFK Attorneys' account – R6 000; Debit JFK Attorneys' account – R4 000.

2. **General ledger:**

Debit clients control account – R6 000; Credit fees account – R2 000;
Credit business bank account – R4 000.

Clients ledger:

Debit Mrs Ngobeni's account – R6 000.

3. **General ledger:**

Debit clients control account – R6 000; Credit fees account – R4 000;
Credit business bank account – R2 000.

Clients ledger:

Debit Mrs Ngobeni's account – R6 000.

4. **General ledger:**

Debit trust creditors control account – R6 000; Credit fees account – R4 000;
Credit trust bank account – R2 000.

Trust creditors ledger:

Debit Mrs Ngobeni's account – R6 000.

5. **General ledger:**

Debit trust creditors control account – R6 000; Credit fees account – R2 000;
Credit trust bank account – R4 000.

Trust creditors ledger:

Debit Mrs Ngobeni's account – R6 000.

14. The following account statement was issued by South-West Attorneys on 31 January 2018:

South-West Attorneys		
North-East Attorneys P.O. Box 567 Johannesburg 2000		P.O. Box 123 Pretoria 0001 31 January 2018
	R	R
M Mamani vs N Nkomi		
Collection (30/01/2018)		9 000
Fees for receiving instruction	500	
Fees for preparing of summons (31/01/2018)	100	
Sheriff costs (26/01/2018)	200	
Collection fee (31/01/2018)	900	
Your ⅓ allowance		500
Cheque herewith	7 800	
	9 500	9 500

ASSIGNMENT 02, SEMESTER 2 (continued)**Question 14 (continued)**

Which of the following options will correctly reflect the trust creditor's account in the trust creditors ledger of the instructing attorney's accounting records **after** the transfer of trust monies to/from the business bank account?

1. Dr South-West Attorneys (T) Cr

2018			R	2018			R
Jan 31	M Mamani (T)	TJ1	9 000	Jan 31	Trust bank	TCRJ	7 800
	South-West Attorneys (B) (Transfer)	TFJ1	500		M Mamani (T)	TJ1	1 700
			9 500				9 500

Dr M Mamani (T) Cr

2018			R	2018			R
Jan 31	South-West Attorneys (T)	TJ1	1 700	Jan 31	South-West Attorneys (T)	TJ1	9 000
	Trust bank	TCPJ	7 300				
			9 000				9 000

2. Dr North-East Attorneys (T) Cr

2018			R	2018			R
Jan 31	M Mamani (T)	TJ1	9 000	Jan 31	Trust bank	TCRJ	7 800
	North-East Attorneys (B) (Transfer)	TFJ1	500		M Mamani (T)	TJ1	1 700
			9 500				9 500

Dr M Mamani (T) Cr

2018			R	2018			R
Jan 31	North-East Attorneys (T)	TJ1	1 700	Jan 31	North-East Attorneys (T)	TCRJ	9 000
	Trust bank	TCPJ	7 300				
			9 000				9 000

3. Dr South-West Attorneys (T) Cr

2018			R	2018			R
Jan 31	N Nkomi (T)	TJ1	9 000	Jan 31	Trust bank	TCRJ	7 800
	South-West Attorneys (B) (Transfer)	TFJ1	500		N Nkomi (T)	TJ1	1 700
			9 500				9 500

ASSIGNMENT 02, SEMESTER 2 (continued)

Question 14 (continued)

Dr				N Nkomi (T)				Cr			
2018				R	2018			R			
Jan 31	South-West Attorneys (T)	TJ1	1 700		Jan 31	South-West Attorneys (T)	TJ1	9 000			
	Trust bank	TCPJ	7 300								
			9 000					9 000			

4.

Dr				North-East Attorneys (T)				Cr			
2018				R	2018			R			
Jan 31	N Nkomi (T)	TJ1	9 000		Jan 31	Trust bank	TCRJ	7 800			
	North-East Attorneys (B) (Transfer)	TFJ1	500			N Nkomi (T)	TJ1	1 700			
			9 500					9 500			

Dr				N Nkomi (T)				Cr			
2018				R	2018			R			
Jan 31	North-East Attorneys (T)	TJ1	1 700		Jan 31	North-East Attorneys (T)	TCRJ	9 000			
	Trust bank	TCPJ	7 300								
			9 000					9 000			

5.

Dr				South-West Attorneys (T)				Cr			
2018				R	2018			R			
Jan 31	M Mamani (T)	TJ1	9 000		Jan 31	Trust bank	TCRJ	7 800			
	North-East Attorneys (B) (Transfer)	TFJ1	500			North-East Attorneys (T)	TJ1	1 700			
			9 500					9 500			

Dr				North-East Attorneys (B)				Cr			
2018				R	2018			R			
Jan 31	South-West Attorneys (T)	TJ1	1 700		Jan 31	South-West Attorneys (T)	TJ1	9 000			
	Trust bank	TCPJ	7 300								
			9 000					9 000			

15 The following information was obtained from the accounting records of van Staden Attorneys:

Mr Steyn from Steyn & Co Incorporated instructed van Staden Attorneys to act on his behalf in a third party case of one of his clients, Mr Jordaan. The following expenses and fees were incurred and levied by van Staden Attorneys regarding the case:

- acquisition of police report – R100
- advocate fees – R3 000
- fees for receiving instruction – R200
- fees for representation – R1 500
- correspondence – R50

ASSIGNMENT 02, SEMESTER 2 (continued)

Question 15 (continued)

What will the amount of VAT be that should be levied by van Staden Attorneys?

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

1. R245
2. R238
3. R259
4. R672
5. R252