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## PROGRAMME IN SOUTH AFRICAN INSOLVENCY LAW AND PRACTICE 2022

Practice Assessment: Paper 2

Date: 11 - 12 October 2022

**Time limit: 24 hours (from 13:00 on 11 October to 13:00 on 12 October 2022)**

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### EXAMINERS

Dr Reghard Brits

### MODERATOR

Dr D Burdette

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It is imperative that all candidates read and take cognisance of the examination instructions on the next page.

All candidates are expected to comply with ALL the instructions.

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## INTRUCTIONS

1. This assessment paper will be made available at **13:00 (1 pm) SAST on Tuesday 11 October 2022** and must be returned / submitted by **13:00 (1 pm) SAST on Wednesday 12 October 2022**. Please note that assessments returned late will not be accepted.
2. All assessments must be submitted electronically in one of the following formats:
  - Microsoft Excel spreadsheet; or
  - Microsoft Word (with the use of tables); or
  - Hand-drafted, scanned and submitted.

As far as possible, please use the Avenir Next or Arial 11-point font when answering this assessment.

3. You must save the document containing your answer using the following format: **[studentID.Paper2Formative]**. An example would be something along the following lines: 202122-336.Paper2Formative. **Where possible, please also include the filename as a footer to each page of the answer to the assessment, or at the top of each page to the assessment.** Do not include your name or any other identifying words in your file name. **Assessments that do not comply with this instruction will be returned to candidates unmarked.**
4. The assessment can be downloaded from your student portal on the INSOL International website. The assessment must likewise be returned via your student portal as per the instructions in the Course Handbook for this course. If for any reason candidates are unable to access their student portal, the answer script must be returned by e-mail to david.burdette@insol.org.
5. Due to the high incidence of load shedding currently taking place across South Africa, candidates are required to determine whether any load shedding is scheduled during the examination period and, if so, to make alternative arrangements to write elsewhere if at all possible.
6. Enquiries during the time that the assessment is written must be directed to David Burdette at david.burdette@insol.org or by WhatsApp on +44 7545 773890. Enquiries will only be responded to during office hours.
7. While the assessments are open-book assessments, it is important to note that candidates **may not receive any assistance from any person** during the 24 hours that the assessment is written. When submitting the answers candidates will be asked to confirm that the work is their own and that they have worked independently.
8. Once a candidate's assessment has been uploaded to their student portal (in line with the instructions in the Course Handbook), a confirmatory e-mail will be auto-generated confirming that the assessment has been uploaded. If the confirmatory

e-mail is not received within five minutes after uploading the assessment, candidates are requested to first check their junk / spam folders before e-mailing the Course Leader to inform him that the auto-generated e-mail was not received.

9. If a candidate is unable to complete this practice assessment, please note that the practice assessments (mock examinations) are not compulsory and no further opportunity will be provided to complete it. The marking guide for the two practice assessments (Paper 1 and Paper 2) will be uploaded to the course pages after Paper 2 has been written and submitted.
10. This assessment consists of **8 pages**.

## QUESTION 1

In 2006 Marjorie Pienaar started her own business by incorporating the company **Friendly City Homes (Pty) Ltd**. Marjorie and her husband Gerhard were the only shareholders and directors of the company, with Marjorie holding 51% of the shares and her husband Gerhard holding the remaining 49%. The main business of Friendly City Homes (Pty) Ltd was the publication of a high quality magazine carrying articles and advertisements relating to home improvement products and services in the city of Port Elizabeth. The company's income was generated by selling advertising space in their magazine, *Friendly City Homes*.

Initially the *Friendly City Homes* magazine was a great success, with businesses clamouring to place their advertisements in the magazine which was distributed throughout the Eastern Cape. However, in 2008 a competitor magazine, offering identical products but at a lower advertising fee, entered the Eastern Cape market. This magazine, called *Windy City Homes*, soon put pressure on the income generated by the *Friendly City Homes* publication. Friendly City Homes (Pty) Ltd tried unsuccessfully to put a stop to the competition created by *Windy City Homes*, even approaching the court in a number of court applications to try and prevent them from publishing the competitor magazine. The cost involved in the court applications soon had Friendly City Homes hovering on the brink of insolvency.

After having not been paid a salary for nearly three months, the sales representatives for *Friendly City Homes*, Charles Oliphant, brought an application for the winding-up of Friendly City Homes (Pty) Ltd on the ground of the company's inability to pay its debts. The application was lodged with the Registrar of the Port Elizabeth Division of the High Court on 5 April 2021. On 9 April 2021 the Port Elizabeth High Court granted a final winding-up order, placing Friendly City Homes (Pty) Ltd in liquidation.

You are required to draft a **Liquidation and Distribution and/or Contribution Account** together with a **Bank Reconciliation Statement** in this estate, reflecting all the facts furnished below. It is essential that you take note of the following important information when drafting this account:

- You need not prepare a liquidator's affidavit nor insert dates, addresses, voucher numbers and repetitive headings.
- All interest calculations in respect of a secured claim(s) must be shown and reflected in the relevant Encumbered Asset Account(s).
- In the event of you making assumptions, you are to clarify same by stating why you are of the opinion that insufficient facts have been given or, where in your opinion, the facts given are ambiguous.
- The expected date of confirmation of the account is **20 January 2022**. You are to assume that all final payments will be made on this date.
- The account may be drafted in any order that suits you.

- In the Distribution and / or Contribution Account you are to reflect at least the total claim and the secured, statutory preferent and concurrent portion of each claim separately. You need not provide for a shortfall (deficiency) column in respect of any of the claims and you need not add up unnecessary totals. The Distribution and / or Contribution Account must reflect awards to all classes of creditors, ie secured, preferent and, where applicable, concurrent creditors, as well as the amount upon which contribution is payable (if any) and the amount of contribution payable by each creditor, if applicable.
- **Friendly City Homes (Pty) Ltd** is registered as a vendor in terms of the Value-Added Tax Act. Your account must therefore make provision for Value-Added Tax (VAT). Provision must be made in the account for the allocation of VAT in which you show the estate's liability for VAT. You may include this calculation either in the body of the account or by way of a separate schedule.
- **The liquidator** is registered with the South African Revenue Service as a VAT vendor. His / her remuneration must be reflected in accordance with the *Spendiff* decision. These calculations may likewise be contained either in the body of the account or in a separate schedule.
- Where it is stated in the facts that an amount includes VAT, please accept that VAT is indeed included in such amount, even if you are of the opinion that, in practice, VAT would not have been included in such amount. Conversely, if it is stated that VAT is excluded you are to treat it as such, and accept that no VAT is payable even if you are of the opinion that, in practice, VAT would indeed be payable.
- Use only the amounts provided for in the given set of facts. It is unnecessary for you to make up your own amounts for the purposes of this question. You are, however, required to calculate and reflect the statutory fees due to the Master of the High Court and the liquidator's remuneration.
- Please note that some calculators may require that the amounts must be rounded off to the nearest cent. Minor errors made by students in this regard will not be penalised. Likewise, students will be given a leeway of two (2) days each way in regard to the number of days on which interest calculations are made. [100]

## 1. ASSETS REALISED

- 1.1 The following assets were sold at a public auction held by Mandela Bay Auctioneers (Pty) Ltd on 12 June 2010:
- |       |  |                      |
|-------|--|----------------------|
| 1.1.1 | Proceeds of Erf 1067 Port Elizabeth, Eastern Cape (VAT inclusive)....                                | <b>R2,130,000.00</b> |
| 1.1.2 | Proceeds of 2004 Mercedes Benz Light Delivery Vehicle, registration FCH 506 EC (VAT inclusive) ..... | <b>R220,000.00</b>   |
| 1.1.3 | Proceeds of computer and other office equipment (VAT inclusive) .....                                | <b>R25,000.00</b>    |

- 1.2 The following book debts (advertising fees not yet paid by advertisers) owing to the company were also collected:
- 1.2.1 Book debts collected by April and Vogel Attorneys upon instruction by the liquidator (no VAT is payable on this transaction) ..... **R119,000.00**
- 1.2.2 Book debts collected by the liquidator in the course of winding-up the company (no VAT is payable on this transaction) ..... **R23,713.77**
- 1.3 Occupational interest payable on Erf 1067 Port Elizabeth by the purchaser, F L Greyvenstein (this amount is due to be paid to the liquidator) (VAT inclusive) ..... **R168,000.00**
- 2. EXPENSES PRESENTED TO THE LIQUIDATOR FOR PAYMENT:**
- 2.1 **Bay Insurance Brokers (Pty) Ltd**, bond of security premium (R12,500.00) paid and provision for renewal (R12,500.00) (VAT inclusive)..... **R25,000.00**
- 2.2 Taxed Bill of Costs of **De Villiers Inc**, the attorneys acting for the applicant creditor, Charles Oliphant (VAT inclusive) ..... **R14,323.40**
- 2.3 **Val's Auto**, for service to Mercedes Benz Light Delivery Vehicle prior to it being sold by public auction (VAT inclusive)..... **R12,688.09**
- 2.4 **April and Vogel Attorneys**, for collection costs on the collection of the book debts on behalf of the liquidator - see 1.2.1 above(VAT inclusive) ..... **R9,566.40**
- 2.5 **Mandela Bay Auctioneers (Pty) Ltd**, for commission on the sale of the property sold by public auction referred to in 1.1 above (VAT inclusive) ..... **R150,000.00**
- 2.6 Provision for advertising as follows:
- 2.6.1 Second (general) meeting (VAT inclusive) ..... **R250.00**
- 2.6.2 Inspection and confirmation (VAT inclusive)..... **R250.00**
- 2.6.3 Destruction of books and records (VAT inclusive) ..... **R250.00**
- 2.7 **Weston Bank Ltd**, bank charges (including a provision of R500.00) payable on the estate banking account (VAT inclusive)..... **R934.26**
- 2.8 Petties, postage and stationery allowed by the Master (VAT inclusive) ..... **R1,025.00**
- 2.9 **Nelson Mandela Bay Municipal Council**, arrear rates and taxes owing on Erf 1067 Port Elizabeth, Eastern Cape, for approximately one year up to date of liquidation (there is no VAT payable on this transaction)..... **R97,514.87**
- 2.10 **Nelson Mandela Bay Municipal Council**, rates and taxes paid in order to obtain a rates clearance certificate on Erf 1067 Port Elizabeth, Eastern Cape, from date of liquidation to date of transfer (there is no VAT payable on this transaction) ..... **R36,086.34**

2.11 **FCS Security Services CC**, for night watchmen and other security services provided in order to protect Erf 1067 Port Elizabeth (VAT inclusive)..... **R127,011.80**

**3. CLAIMS PROVED AGAINST THE ESTATE:**

3.1 **NMB Publishers (Pty) Ltd**, amounts owing for printing and packaging of Friendly City Homes magazine ..... **R34,987.98**

3.2 **Charles Oliphant**, a sales representative and employee the company, for arrear salary, leave pay and severance pay owing ..... **R25,300.00**

This amount is made up as follows:

Salary for January 2021	R6,000.00
Salary for February 2021	R6,000.00
Salary for March 2021	R6,000.00
Leave pay owing for 2020	R4,500.00
Severance pay for the period of employment	R2,800.00

3.3 **Solly's Stationery Store CC**, for goods sold and delivered..... **R3,266.00**

3.4 **PE Bank Ltd**, for monies lent and advanced by way of overdraft, credit cards and personal loans..... **R108,675.88**

These monies are secured by a cession *in securitatem debiti* of the company's book debts. The liquidator has found the cession to be in order and has advised the bank that he / she recognises their security. Interest is payable on this transaction at a rate of 17% per annum and the creditor **did not** rely on its security.

3.5 **Unemployment Insurance Fund (UIF)**, for contributions deducted from the employee's salary but never paid over ..... **R2,017.82**

3.6 **Mercedes Benz Finance Corporation Ltd** for financing of the purchase of the 2004 Mercedes Benz Light Delivery Vehicle..... **R184,741.02**

This claim is secured by a an instalment sale transaction over the Mercedes Benz Light Delivery Vehicle that was sold to the company. The liquidator has recognised the creditor's claim as well as its security in terms of section 84 of the Insolvency Act. Interest is payable on this transaction at 14,75% per annum. This creditor **has not** relied on its security.

3.7 **South African Revenue Service (SARS)**, for amounts owing ..... **R15,974.48**

This amount is made up as follows:

PAYE deductions that were deducted from the employee's salary but never paid over, with interest thereon .....	R6,567.03
VAT owing prior to liquidation.....	R9,407.45

- 3.8 **PE Bank Ltd**, for monies lent and advanced for the purchase of Erf 1067 Port Elizabeth, Eastern Cape ..... **R1,239,410.78**  
 This claim is secured by a first mortgage bond registered over Erf 1067 Port Elizabeth in favour of PE Bank Ltd. Interest is payable on this transaction at a rate of 11,5% per annum. This creditor **has not** relied on its security.
- 3.9 **Marjorie Pienaar**, for arrear salary owing to her in her capacity as director of Friendly City Homes (Pty) Ltd ..... **R54,000.00**  
 This amount is made up as follows:  
 November 2020 ..... R18,000.00  
 December 2020 ..... R18,000.00  
 January 2021 ..... R18,000.00
- 3.10 **Gerhard Pienaar**, for arrear salary owing to him in his capacity as director of Friendly City Homes (Pty) Ltd ..... **R24,000.00**  
 This amount is made up as follows:  
 November 2020 ..... R8,000.00  
 December 2020 ..... R8,000.00  
 January 2021 ..... R8,000.00

**4. BANK STATEMENTS**

The bank statements (of the estate banking account) in the hands of the liquidator reflect the following receipts and payments (for the purposes of this question please assume that no interest was earned on credit balances).

ITEM NO	PAYMENTS	RECEIPTS
1.1 and 2.5		2,225,000.00
1.2.1 and 2.4		109,433.60
1.2.2		23,713.77
2.1	12,500.00	
2.2	14,323.40	
2.3	12,688.09	
2.7	434.26	
2.9	97,514.87	
2.10	36,086.34	
2.11	127,011.80	
<b>Balance on date of drafting of the account</b>		<b>2,057,588.61</b>

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**PROGRAMME IN SOUTH AFRICAN INSOLVENCY LAW AND PRACTICE**

**MARKING GUIDE FORMATIVE ASSESSMENT (PAPER 2)**

**FRIENDLY CITY HOMES (PTY) LTD (IN LIQUIDATION)**

<b><u>BANK RECONCILIATION STATEMENT</u></b>		
<b><u>NARRATION</u></b>	<b><u>PAYMENTS</u></b>	<b><u>RECEIPTS</u></b>
Balance as per bank statement as at date of drafting the account		ZAR 2,057,588.61 (1)
<b><u>ADD:</u></b>		
Outstanding deposit (occupational rent)		ZAR 168,000.00
<b><u>PAYMENTS STILL TO BE MADE:</u></b>		
Bond premium (provision for renewal)	ZAR 12,500.00	
Master's fee	ZAR 140,425.00	
Liquidator's remuneration	ZAR 135,025.09	
Advertising costs	ZAR 750.00	(1)
Bank charges (provision)	ZAR 500.00	
Postage and petties	ZAR 1,025.00	
SARS, for VAT payable per this account	ZAR 269,566.43	
<b><u>AWARDS TO CREDITORS STILL TO BE MADE:</u></b>		
Encumbered asset account 1 (Cr 8)	ZAR 1,352,655.57	
Encumbered asset account 2 (Cr 6)	ZAR 133,335.62	
Encumbered asset account 3 (Cr 4)	ZAR 111,506.69	
<b><u>Free residue</u></b>		
Cr 2 (preferent)	ZAR 18,800.00	(1)
Cr 7 (preferent)	ZAR 15,974.48	
Cr 5 (preferent)	ZAR 2,017.82	
Concurrent creditors	ZAR 31,506.92	
<b>TOTALS</b>	<b>ZAR 2,225,588.62</b>	<b>ZAR 2,225,588.61 (1)</b>

[4 MARKS]

**ENCUMBERED ASSET ACCOUNT 1****PROCEEDS OF ERF 1067, PORT ELIZABETH, EASTERN CAPE, SUBJECT TO FIRST MORTGAGE BOND  
IN FAVOUR OF CREDITOR NO 8, PE BANK (1)**

<u>NARRATION</u>	<u>VAT</u>	<u>PAYMENTS</u>	<u>RECEIPTS</u>
<u>Receipts</u>			
Proceeds of Erf 1067, Port Elizabeth, Eastern Cape, sold by public auction by Mandela Bay Auctioneers	ZAR 277,826.09 (½)		ZAR 2,130,000.00
Occupational interest paid to the liquidator by the purchaser, FL Greyvenstein	ZAR 21,913.04 (½)		ZAR 168,000.00
<u>Payments</u>			
Master's fee, pro rata portion as per Schedule A	ZAR - (½)	ZAR 120,153.03 (½)	
Bay Insurance Brokers, pro rata bond of security premium as per Schedule A	ZAR 2,790.13 (½)	ZAR 21,390.96 (½)	
Liquidator's fee as per Schedule B	ZAR 11,868.16 (½)	ZAR 90,989.25 (½)	
Nelson Mandela Bay Municipal Council, rates and taxes, as follows:			(½)
Arrear amounts owing up to date of liquidation	ZAR - (½)	ZAR 97,514.87 (½)	
Amount paid by liquidator up to date of transfer	ZAR - (½)	ZAR 36,086.34 (½)	
Mandela Bay Auctioneers, pro rata portion of auctioneer's expenses as per Schedule C	ZAR 17,546.91 (½)	ZAR 134,526.32 (½)	
FCS Security Services, for night watchmen and other security services provided	ZAR 16,566.76 (½)	ZAR 127,011.80 (½)	
SARS, VAT payable as per this account		ZAR 250,967.17 (½)	
Total payments		<b>ZAR 878,639.74 (½)</b>	
Balance awarded as follows:			
PE Bank Ltd, for 1st mortgage bond over the property:		ZAR 1,352,655.57 (½)	
Capital (1) ZAR 1,239,410.78			
Plus interest (1) ZAR 113,244.79			
Interest @ 11,5% from 6/4/21 to 20/1/22 (290 days) (½)			
Balance carried over to Free Residue Account		ZAR 66,704.69 (½)	
<b>TOTALS</b>		<b>ZAR 2,298,000.00</b>	<b>ZAR 2,298,000.00</b>

**[14 MARKS]**

**ENCUMBERED ASSET ACCOUNT NUMBER 2****PROCEEDS OF MERCEDES BENZ LIGHT DELIVERY VEHICLE, SUBJECT TO AN INSTALMENT SALE TRANSACTION (1)**

<u>NARRATION</u>	<u>VAT</u>	<u>PAYMENTS</u>	<u>RECEIPTS</u>
<b>Receipts</b> Proceeds of 2004 Mercedes Benz Light Delivery Vehicle, sold by ublic auction by Mandela Bay Auctioneers	ZAR 28,695.65 (½)		ZAR 220,000.00 (½)
<b>Payments</b> Master's fee, pro rata portion as per Schedule A	ZAR - (½)	ZAR 11,502.90 (½)	
Bay Insurance Brokers, pro rata portion of bond of security premium as per Schedule A	ZAR 267.11 (½)	ZAR 2,047.87 (½)	
Liquidator's fees as per Schedule B	ZAR 3,235.43 (½)	ZAR 24,805.00 (½)	
Val's Auto, for service to vehicle prior to it being sold by public auction	ZAR 1,654.97 (½)	ZAR 12,688.09 (½)	
Mandela Bay Auctioneers, pro rata portion of auctioneer's fees as per Schedule C	ZAR 1,812.36 (½)	ZAR 13,894.74 (½)	
SARS, VAT payable as per this account		ZAR 21,725.78 (½)	
<b>Total payments</b>		<b>ZAR 86,664.38</b>	
Balance awarded as follows: Mercedes Benz Finance, creditor no 6, in terms of instalment sale transaction over the vehicle (½)		ZAR 133,335.62 (½)	
Capital (1) ZAR 184,741.02 Plus interest (1) ZAR 21,650.13			
Interest @ 14,75% from 6/4/21 to 20/1/22 (290 days) (½)			
Balance of claim is concurrent in terms of Singer v The Master (1)			
<b>TOTALS</b>		<b>ZAR 220,000.00</b>	<b>ZAR 220,000.00</b>

**[12 marks]**

**ENCUMBERED ASSET ACCOUNT NUMBER 3****PROCEEDS OF BOOM DEBTS COLLECTED, SUBJECT TO A CESSION IN SECURITATEM DEBITI IN FAVOUR OF PE BANK LTD, CREDITOR NO 4 (1)**

<u>NARRATION</u>	<u>VAT</u>	<u>PAYMENTS</u>	<u>RECEIPTS</u>
<b>Receipts</b>			
Proceeds of book debts collected by April and Vogel Attorneys	ZAR - (½)		ZAR 119,000.00
Proceeds of book debts collected by the liquidator SARS, VAT refund as per this account	ZAR - (½)		ZAR 23,713.77 (1)
			ZAR 3,561.78
<b>Payments</b>			
Master's fee, pro rata portion as per Schedule A	ZAR - (½)	ZAR 7,461.92 (½)	
Bay Insurance Brokers, pro rata bond of security premium as per Schedule A	ZAR 173.28 (½)	ZAR 1,328.45 (½)	
Liquidator's fees:			
Fee @ 10% on ZAR 142,713.77 (including 15% VAT)	ZAR 2,140.71 (½)	ZAR 16,412.09 (½)	
April and Vogel Attorneys, for collection costs re book debts collected	ZAR 1,247.79 (½)	ZAR 9,566.40 (½)	
<b>Total payments</b>		<b>ZAR 34,768.86 (½)</b>	
<b>Balance awarded as follows:</b>			
PE Bank Ltd, creditor no 4, in terms of cession of book debts: (½)		ZAR 111,506.69 (½)	
Capital (1) ZAR 108,675.88			
Plus interest (1) ZAR 14,678.69			
Interest @ 17% from 6/4/2021 to 20/1/22 (290 days) (½)			
Balance of claim concurrent in terms of Singer v The Master (1)			
<b>TOTALS</b>		<b>ZAR 146,275.55</b>	<b>ZAR 146,275.55</b>

**[12 marks]**

**FREE RESIDUE ACCOUNT (1)**

<b><u>NARRATION</u></b>	<b><u>VAT</u></b>		<b><u>PAYMENTS</u></b>		<b><u>RECEIPTS</u></b>	
<b><u>Receipts</u></b>						
Proceeds of computer and other office equipment, sold by public auction by Mandela Bay Auctioneers	ZAR	3,260.87 (½)			ZAR	25,000.00 (½)
Amount carried over from Encumbered Asset Account 1					ZAR	66,704.69 (½)
<b><u>Payments</u></b>						
Master's fee, pro rata portion as per Schedule A	ZAR	- (½)	ZAR	1,307.15 (½)		
Bay Insurance Brokers, pro rata bond of security premium as per Schedule A	ZAR	30.35 (½)	ZAR	232.71 (½)		
Liquidator's fee as per Schedule B	ZAR	367.66 (½)	ZAR	2,818.75 (½)		
De Villiers Inc Attorneys, taxed bill of costs re liquidation	ZAR	1,868.27 (½)	ZAR	14,323.40 (½)		
Mandela Bay Auctioneers, pro rata portion of auctioneer's fees as per Schedule C	ZAR	205.95 (½)	ZAR	1,578.95 (½)		
Advertisement expenses:						
Second (general) meeting	ZAR	32.61 (½)	ZAR	250.00 (½)		
Inspection and confirmation	ZAR	32.61 (½)	ZAR	250.00 (½)		
Destruction of books and records	ZAR	32.61 (½)	ZAR	250.00 (½)		
Weston Bank, bank charges (including provision of ZAR 500.00)	ZAR	121.86 (½)	ZAR	934.26 (½)		
Postage, petty and stationery	ZAR	133.70 (½)	ZAR	1,025.00 (½)		
SARS, VAT payable this account			ZAR	435.25 (½)		
<b>Total payments</b>			<b>ZAR</b>	<b>23,405.47 (½)</b>		
<b><u>Balance awarded as follows:</u></b>						
<b><u>Preferent creditors:</u></b>						
<b>1 C Oliphant, Cr 2, s 98A (1)</b>			ZAR	18,800.00 <b>1</b>		
Arrear salary ZAR 12,000.00 (½)						
Leave pay ZAR 4,000.00 (½)						
Severance pay ZAR 2,800 (½)						
<b>2 SARS, Cr 7, s 99</b>			ZAR	15,974.48 <b>1</b>		
PAYE ZAR 6,567.03 (½)						
VAT ZAR 9,407.45 (½)						
<b>3 UIF, Cr 5, s 99 (1)</b>			ZAR	2,017.82 <b>1</b>		
<b><u>Concurrent Creditors:</u></b>						
Dividend of 15.1725 cents in the Rand <b>(1)</b>			ZAR	31,506.92 <b>1</b>		
<b>TOTALS</b>			<b>ZAR</b>	<b>91,704.69</b>	<b>ZAR</b>	<b>91,704.69</b>

[22 marks]

<b>SCHEDULE A</b>			
<b>PRO RATA APPORTIONMENT OF MASTER'S FEES AND BOND OF SECURITY PREMIUM</b>			
<b>ACCOUNT</b>	<b>GROSS PROCEEDS</b>	<b>MASTER'S FEE</b>	<b>BOND PREMIUM</b>
Encumbered asset account 1	ZAR 2,298,000.00	ZAR 120,153.03 (½)	ZAR 21,390.96 (½)
Encumbered asset account 2	ZAR 220,000.00	ZAR 11,502.90 (½)	ZAR 2,047.87 (½)
Encumbered asset account 3	ZAR 142,713.77	ZAR 7,461.92 (½)	ZAR 1,328.45 (½)
Free residue account	ZAR 25,000.00	ZAR 1,307.15 (½)	ZAR 232.71 (½)
<b>TOTALS</b>	<b>ZAR 2,685,713.77 (1)</b>	<b>ZAR 140,425.00 (½)</b>	<b>ZAR 25,000.00 (½)</b>

[6 marks]

<b>Master's fee calculation:</b>			
Gross value of estate:	ZAR 2,685,713.77 (½)		ZAR 1,000.00
Less:	ZAR 150,000.00		
	<b>ZAR 2,535,713.77</b>		
Divide by ZAR 5,000.00	ZAR 507.14 (½)		
Therefore, 507 x R275 (½)			ZAR 139,425.00
<b>Total Master's fee therefore:</b>			<b>ZAR 140,425.00 (½)</b>

[2 marks]

<b>SCHEDULE B</b>			
<b>CALCULATION OF LIQUIDATOR'S REMUNERATION IN ACCORDANCE WITH SPENDIFF DECISION</b>			
<b>ENCUMBERED ASSET ACCOUNT 1</b>			
<b>Fixed property</b>			
Fee @ 3% on	ZAR 2,130,000.00		ZAR 63,900.00 (½)
Less:	ZAR 277,826.09	x 15% x 3%	ZAR 1,250.22 (½)
<b>Total fee fixed property</b>			<b>ZAR 62,649.78</b>
<b>Occupational rent</b>			
Fee @ 10% on	ZAR 168,000.00		ZAR 16,800.00 (½)
Less:	ZAR 21,913.04	x 15% x 10%	ZAR 328.70 (½)
<b>Total fee occupational rent</b>			<b>ZAR 16,471.30</b>
Fee on fixed property			ZAR 62,649.78
Fee on occupational rent			ZAR 16,471.30
			ZAR 79,121.09
Plus VAT @ 15% thereon			ZAR 11,868.16 (½)
<b>Total fee VAT inclusive</b>			<b>ZAR 90,989.25 (½)</b>

<b>ENCUMBERED ASSET ACCOUNT 2</b>			
Fee @ 10% on	ZAR 220,000.00		ZAR 22,000.00 (½)
Less:	ZAR 28,695.65	x 15% x 10%	ZAR 430.43 (½)
			ZAR 21,569.57
Plus VAT @ 15% thereon			ZAR 3,235.43 (½)
			<b>ZAR 24,805.00 (½)</b>

<b>FREE RESIDUE ACCOUNT</b>			
Fee @ 10%	ZAR 25,000.00		ZAR 2,500.00 (½)
Less:	ZAR 3,260.87	x 15% x 10%	ZAR 48.91 (½)
			ZAR 2,451.09
Plus VAT @ 15% thereon			ZAR 367.66 (½)
			<b>ZAR 2,818.75 (½)</b>

[7 marks]

<b>SCHEDULE C</b>		
<b>PRO RATA APPORTIONMENT OF AUCTIONEER'S COMMISSION</b>		
<b>ACCOUNT</b>	<b>GROSS PROCEEDS</b>	<b>AUCTIONEER'S COMMISSION</b>
Encumbered asset account 1	ZAR 2,130,000.00 (½)	ZAR 134,526.32 (½)
Encumbered asset account 2	ZAR 220,000.00 (½)	ZAR 13,894.74 (½)
Free residue account	ZAR 25,000.00 (½)	ZAR 1,578.95 (½)
	<b>ZAR 2,375,000.00 (½)</b>	<b>ZAR 150,000.00 (½)</b>

[4 marks]

**SCHEDULE D****VAT SCHEDULE**

<b>ACCOUNT</b>	<b>OUTPUT VAT</b>		<b>INPUT VAT</b>		<b>VAT PAY / REFUND</b>	
Encumbered asset account 1	ZAR	299,739.13	ZAR	48,771.96	ZAR	250,967.17 (½)
Encumbered asset account 2	ZAR	28,695.65	ZAR	6,969.87	ZAR	21,725.78 (½)
Encumbered asset account 3	ZAR	-	ZAR	3,561.78	ZAR	(3,561.78) (½)
Free residue account	ZAR	3,260.87	ZAR	2,825.62	ZAR	435.25 (½)
	<b>ZAR</b>	<b>331,695.65 (½)</b>	<b>ZAR</b>	<b>62,129.22 (½)</b>	<b>ZAR</b>	<b>269,566.43 1</b>

[4 marks]

**DISTRIBUTION ACCOUNT - LIST A -**

<b>NO</b>	<b>CREDITOR NAME</b>	<b>TOTAL CLAIM</b>	<b>SECURED CLAIM</b>	<b>PREFERENT CLAIM</b>	<b>CONCURRENT CLAIM</b>	<b>SECURED / PREFERENT AWARD</b>	<b>CONCURRENT AWARD</b>
1	NMB Publishers (Pty) Ltd	ZAR 34,987.98	ZAR -	ZAR -	ZAR 34,987.98	ZAR -	ZAR 5,308.57 (½)
2	C Oliphant	ZAR 25,300.00	ZAR -	ZAR 12,000.00 (½) (salary s 98A) ZAR 4,000.00 (½) (leave pay s 98A) ZAR 2,800.00 (½) (sev pay s 98A)	ZAR 6,500.00	ZAR 18,800.00 (½)	ZAR 986.22 (½)
3	Solly's Stationery Store CC	ZAR 3,266.00	ZAR -	ZAR -	ZAR 3,266.00	ZAR -	ZAR 495.54 (½)
4	PE Bank Ltd	ZAR 108,675.88 (Capital) ZAR 14,678.69 (Interest)	ZAR 111,506.69	ZAR -	ZAR 11,847.88	ZAR 111,506.69 (E/A acc 3)	ZAR 1,797.63 (½)
5	Unemployment Insurance Fund	ZAR 2,017.82	ZAR -	ZAR 2,017.82 (½)	ZAR -	ZAR 2,017.82 (Free Residue)	ZAR -
6	Mercedes Benz Finance Corp	ZAR 184,741.02 (Capital) ZAR 21,650.13 (Interest)	ZAR 133,335.62	ZAR -	ZAR 73,055.53	ZAR 133,335.62 (E/A acc 2)	ZAR 11,084.39 (½)
7	SA Revenue Service (SARS)	ZAR 15,974.48	ZAR -	ZAR 15,974.48 (½)	ZAR -	ZAR 15,974.48 (Free Residue)	ZAR -
8	PE Bank Ltd	ZAR 1,239,410.78 (Capital) ZAR 113,244.79 (Interest)	ZAR 1,352,655.57	ZAR -	ZAR -	ZAR 1,352,655.57 (E/A acc 1)	ZAR -
9	M Pienaar	ZAR 54,000.00	ZAR -	ZAR -	ZAR 54,000.00	ZAR -	ZAR 8,193.18 (½)
10	G Pienaar	ZAR 24,000.00	ZAR -	ZAR -	ZAR 24,000.00	ZAR -	ZAR 3,641.41 (½)
<b>CONCURRENT DIVIDEND OF 15.1725 CENTS IN THE RAND (1)</b>					<b>ZAR 207,657.39 (½)</b>		<b>ZAR 31,506.92 (½)</b>

**LIST - B - (1)**

**[13 MARKS]**