

# Learning Assessment Guide

## Unit Standard 11617 – Version 3

### Perform the accounting functions for routine trust account transactions

#### Level 5 – 5 Credits

Assessment Summary			
Learner to complete			
Learner's name:			
Employer:			
NSN no. (ROL):		DOB:	
Signed:		Date:	
Assessor to complete			
<input type="checkbox"/> Meets requirements <input type="checkbox"/> More training required <input type="checkbox"/> More evidence required			
Assessor's name:		Assessor's No.	
Signed:		Date:	

## Before you begin...

- As well as this Learning Assessment Guide, you may also want to refer to the unit standard from the NZQA website (<http://www.nzqa.govt.nz>).
- Read the Trainee Information Kit. The kit contains important information and guidelines for Learners and can be found on the Learning State website (<http://www.learningstate.govt.nz>) under Learners, then Learning Assessment Guides.
- Check the learning resources available for this unit standard on the Learning State website (<http://www.learningstate.govt.nz>) under Learners, then Learning Assessment Guides.

This Learning Assessment Guide is made up of:

- Tasks for you to complete
- A verification form for your manager to complete
- Assessment results that the assessor will use to assess your competence.

The tasks in this assessment are designed to show your assessor that you can:

- 1 Maintain a trust account client master file
- 2 Receive, refund, and bank client funds
- 3 Calculate interest and charges for client accounts
- 4 Analyse, classify, and record trust account transactions in an accounting system
- 5 Reconcile records of trust account transactions
- 6 Report trust account transactions.

## Assessment Task One – Element 1

The questions in task one are designed to address:

- Your ability to maintain a trust account client master file
- Your understanding of the concepts and principles underpinning integrity of the master file
- Your ability to identify errors and omissions in the master file
- Your ability to initiate appropriate remedial action and make necessary changes to the master file

### Task one questions

1 It is important that the integrity of the master file is maintained in accordance with organisation policies and statutory requirements. Using **three** of the principles below describe their relevance to maintaining integrity.

- Accuracy
- Authorisation
- Confidentiality
- Security
- Relevance to purpose

2 Provided below is a trust account master file and relevant documentation. There are a number of errors and omissions in this file. Using the information provided identify any errors and omissions below and provide corrections.

If you have workplace evidence of your ability to identify errors and omissions in trust account master files you may submit examples of your work to your assessor in place of completion of task one, question two. Please contact your assessor if you intend to submit workplace evidence to make arrangements for the submission.

#### Trust Ledger BROWN & CO

Date	Details of Transaction	Reference	Dr	Cr	Balance
1 July 2001	Jones – Mortgage Advance	2031		140,000	140,000
4 July 2001	Brown – Cash Sale of Land	2044	340,000		(200,000)
5 July 2001	Brown & Co – Purchase House	4781		210,000	10,000
17 July 2001	Young – Cash Contribution	2098		55,000	65,000

*Source documents***Public Sector Bank**

Date: 2/7/2001

Details: Cash contribution received from Brown

Amount: \$62,000

Receipt 2036

**Public Sector Bank**

Date: 17/7/2001

Details: Cash contribution received from Young

Amount: \$57,000

Receipt 2098

**Public Sector Bank**

Date: 27/7/2001

Details: New Zealand Motors - Car

Amount: \$34,000

Cheque 4797

## Assessment Task Two – Element 3

The question in task two is designed to address:

- Your ability to calculate interest and charges for client accounts.

### Task Two Case Study:

Clients' trust accounts require interest and charges to be calculated and allocated appropriately. From the information provided calculate the tax, disbursements and fees related to the Jackson trust account. Consider the case study and documents provided below:

#### Trust Ledger

#### JACKSON TRUST

Date	Details of Transaction	Ref	Dr	Cr	Balance
1 Sep 2000	Principal Investment – S K & R M Jackson	6501		210,000	210,000
4 Nov 2000	Cash Contribution – S K & R M Jackson	6578		40,000	250,000
29 Jan 2001	Purchase of Property – S K & R M Jackson	2054	200,000		50,000
16 Apr 2001	Proceeds from Sale of Property – S K & R M Jackson	6636		230,000	280,000
18 July 2001	Cash Contribution – P A Harvey	6740		20,000	300,000
31 Aug 2001	Closing Balance				300,000

The Jackson trust is primary an investment trust with a starting date of 1 September 2000 and a vesting date of 1 September 2050. The trust settlors are S K and R M Jackson, with income and capital beneficiaries of S K and R M Jackson, their children and grandchildren. The trustee of the trust is D A Smith. The accountant for the Jackson trust is D A Smith, Wellington, and the solicitor is H C Henry, Wellington.

The tax rate for income of the trustees is a flat 33% and the appropriate individual tax rate (19.5%, 33% and 39%) for income of the beneficiaries.

The clients have specified that on the yearly anniversary of establishment of the Jackson trustees are entitled to 2.5% of the total closing balance for the year of the trust and beneficiaries are entitled to 10% of the closing balance for the year.

The Jackson trust bankers are Westpac, Wellington. Each year they levy a fee of 0.5% of the total closing balance for the year on the anniversary of the establishment of the trust.

On the first year anniversary of the trust S K and R M Jackson had a 39 year old daughter and 14 year old grandson. Neither S K and R M Jackson earn income from any other sources, their daughter works fulltime and her appropriate tax rate is 39%, their grandson does not work (if income is less than \$38,000 the appropriate tax rate is 19.5%).

***Task two question***

- 1 You are required to calculate any disbursements and tax for trustees and beneficiaries of the Jackson trust. Calculate any bank fees levied on the Jackson trust.

If you have workplace evidence of your ability to calculate any disbursements and tax for trustees and beneficiaries you may submit examples of your work to your assessor in place of completion of the task two question. Please contact your assessor if you intend to submit workplace evidence to make arrangements for the submission.

### Assessment Task Three – Element 4

The question in task three is designed to address:

- Your ability to analyse, classify, and record trust account transactions in an accounting system

#### Task three question

- 1 The Wilson Family Trust was established on 1 January 2005 however, due to a busy workload, the transactions relating to the Wilson Family Trust have not been recorded. The transaction notes from accountant L Peters have been provided below. You are required to complete the Wilson Family Trust Ledger to reflect these transactions.

If you have workplace evidence of your ability to record trust account transactions you may submit examples of your work to your assessor in place of completion of the task three question. Please contact your assessor if you intend to submit workplace evidence to make arrangements for the submission.

- 1 January 2005 M D Wilson makes principle investment into Wilson Family Trust with cash funds for \$320,000, receipt 1109
- 31 March 2005 Westpac Bank pays interest on investment of \$6,000, receipt 1227
- 31 April 2005 Cash disbursement of \$10,000 to accountant, L Peters, for establishment fees, receipt 4398
- 7 July 2005 Cash contribution of \$61,000 made to Wilson Family Trust by S R Wilson, receipt 1313
- 19 September 2005 Cash purchase of house for \$145,000 by M D Wilson, receipt 4500.

#### Trust Ledger

#### WILSON FAMILY TRUST

Date	Details of Transaction	Reference	Dr	Cr

## Assessment Task Four – Element 5

The question in task four is designed to address:

- Your ability to reconcile records of trust account transactions

### Task four question

- The cash receipts and cash payments journals are provided below. The Jones Trust Account Ledger requires reconciliation with the cash receipts and payments journals. You are required to reconcile the Jones Trust Account Ledger.

If you have workplace evidence of your ability to reconcile trust accounts you may submit examples of your work to your assessor in place of completion of the task four question. Please contact your assessor if you intend to submit workplace evidence to make arrangements for the submission.

#### Trust Account Ledger

##### JONES

Date	Details of Transaction	Reference	Dr	Cr
2 Dec 2001	Investment Contribution – Smith	3097		25,000
3 Jan 2002	Cash Deposit – Smith	1012		40,000
11 Jan 2002	Investment Transfer – Jones	3109		100,000
12 Jan 2002	Purchase of Property – Jones	7721	110,000	

#### Cash Receipts Journal

Date	Details of Transaction	Ref	A/C CR	Details	Balance
1 Jan 2002	Opening Balance				130,000
3 Jan 2002	Smith – Cash Deposit	1012	Jones	40,000	170,000
10 Jan 2002	James – Mortgage Advance	1013	Peters	195,000	365,000
22 Jan 2002	Black - Cash Contribution	1014	Brown	25,000	390,000
29 Jan 2002	Smith – Sale of House	1015	Jones	270,000	660,000

*Cash Payments Journal*

Date	Details of Transaction	Ref	A/C DR	Details	Balance
4 Jan 2002	Patrick – Car Purchase	3097	Peters	20,000	20,000
5 Jan 2002	Smith – Lawyers Fees	3098	Jones	54,000	74,000
11 Jan 2002	Allan – House Purchase	3099	Allan	15,000	89,000
30 Jan 2002	James – Cash Withdrawal	3100	Peters	31,000	120,000

## Assessment Task Five – Element 6

The questions in task five are designed to address:

- Your understanding of trust account reports
- Your ability to report trust account transactions

### Task five questions

1 Trust account transactions, like many other account transactions, contain important information for those privy to the trust. One way this information can be obtained is through production of trust account reports. Describe the essential elements of the following reports and key information these reports provide to the users of the information. Consider the following in your answer:

- Income and Capital Statement
- Tax Statement
- Investment Schedule
- Transaction Audit Trail

2 Provided below is the Daniels and Co trust ledger. The trust was established on 1 April 2004, and the settlors of the trust want you to generate some reports for them for the first year, ending 31 March 2004. From the information provided in the ledger generate the:

- Daniels and Co Statement of Financial Performance
- Note: you should assume that any income/deficit is held in the capital account. You can ignore taxation in this question.

If you have workplace evidence of your ability to generate the Statement of Financial Performance for a trust account you may submit examples of your work to your assessor in place of completion of task five, question two. Please contact your assessor if you intend to submit workplace evidence to make arrangements for the submission.

### Trust Ledger

#### DANIELS & CO TRUST

Date	Details of Transaction	Ref	Dr	Cr	Balance
1 Apr 2004	Investment Contribution – J Rodgers	1001		60,000	60,0000
7 Oct 2004	Investment Contribution – C Daniels	1044		40,000	100,000
31 Mar 2005	Interest Received on Investment	1109		6,000	106,000
31 Mar 2005	Accounting Fees	2332	4,500		101,500
31 Mar 2005	Bank Fees	2333	145		101,355
	Closing Balance				101,355

The format you should follow for the Statement of Financial Performance is:

Daniels & Co Trust

Statement of Financial Performance for the year ended 31 March 2005

**Income**

(List)

**Less Expenses**

(List)

**Net surplus/(deficit)**

**Classified as follows:**

Income

Capital

**Net surplus/(deficit) allocated to:**

**Beneficiaries:**

(List)

**Equity:**

(List)

## Assessment Task Six – Elements 1, 2, 3, 4, 5 and 6

Task six involves verification from your manager of:

- Your trust account transaction compliance
- Your ability to appropriately identify exceptions and any necessary remedial actions for transactions in client trust accounts
- Your compliance with organisation, client, and regulatory specifications and standards when performing trust account transactions.

This task addresses multiple elements.

### ***Task six questions***

Find out from your assessor whether they require oral verification (through direct contact with your manager), or written verification.

If written verification is required:

- 1 Brief your manager on the content of this unit standard.  
(Your manager has been asked to provide examples of your work performance and will need to know the focus of this assessment).
- 2 Ask your manager to complete one of the following verifications forms.
- 3 Ensure that the completed forms are given to your assessor.

## Manager Verification Form – Unit Standard 11617

<b>Name of learner:</b>	
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This learner is currently being assessed toward unit standard 11617 – Perform the accounting functions for routine trust account transactions. Your knowledge of the learner is sought to verify whether or not the learner demonstrates a good understanding and application of accounting principles in trust accounts in the workplace.

Please complete this form and arrange for it to be passed on to the 11617 assessor.

Does the learner maintain physical files of documents for each client?	<b>Yes</b>	<b>No</b>
Do fund transfers and relevant documentation (including receipts, refunds, disbursements, bank lodgements and bank withdrawals) performed by the learner comply with organisation requirements?	<b>Yes</b>	<b>No</b>
Does the learner complete reconciliation statements for fund transfer records relating to client funds?	<b>Yes</b>	<b>No</b>
Does the learner appropriately identify exceptions and any necessary remedial actions for transactions in client trust accounts in correspondence with organisation requirements?	<b>Yes</b>	<b>No</b>
Does the learner comply with organisation, client, and regulatory specifications and standards when performing trust account transactions?	<b>Yes</b>	<b>No</b>

Comments:

Name (of Manager):

Position:

Contact Phone:

Email:

Date:

## Assessment Results

These are the judgements that your assessor will use to assess you.

Do the learner's answers provide sufficient and appropriate examples?	<b>Yes</b>	<b>No</b>
Does the learner demonstrate an understanding of integrity of master file?	<b>Yes</b>	<b>No</b>
Do the learner's answers show an ability to identify errors and omissions then initiate required changes?	<b>Yes</b>	<b>No</b>
Learner demonstrates an understanding of the principles and processes for resolving errors and omissions in the master file?	<b>Yes</b>	<b>No</b>
Does the learner understand the principles and processes for calculating interest and charges for client accounts?	<b>Yes</b>	<b>No</b>
Learner demonstrates an understanding of the principles involved in recording trust account transactions?	<b>Yes</b>	<b>No</b>
Does the learner demonstrate the ability to reconcile records of trust transactions and identify any discrepancies?	<b>Yes</b>	<b>No</b>
Does the learner demonstrate an understanding of the reports that are produced in relation to trust account transactions?	<b>Yes</b>	<b>No</b>
Can the learner generate reports from a trust account?	<b>Yes</b>	<b>No</b>
Does the learner comply with organisation, client, and regulatory specifications and standards when performing trust account transactions?	<b>Yes</b>	<b>No</b>
Does the learner maintain physical files for a client trust account?	<b>Yes</b>	<b>No</b>
Does the learner demonstrate an ability to receive, refund, and bank client funds?	<b>Yes</b>	<b>No</b>
Does the learner demonstrate an ability to perform appropriate remedial action and make necessary changes in a trust account?	<b>Yes</b>	<b>No</b>