

PREPARATION OF LIQUIDATION AND DISTRIBUTION ACCOUNTS IN DECEASED ESTATES

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DECEASED ESTATES LIQUIDATION AND DISTRIBUTION ACCOUNTS

INTRODUCTION

WHAT ARE L/D ACCOUNTS ?

WHY DO WE HAVE TO DO THEM ?

WHAT MUST GO INTO L/D ACCOUNTS ?

ADMINISTRATION OF ESTATES ACT 66/1965

An executor shall, as soon as possible after the last day specified in the §29 advertisement but within 6 months of the date of issue of the Letters of Executorship / such further period as the Master may allow, **submit to the Master an account in the prescribed form of the liquidation and distribution of the estate.**

- LIQUIDATION – meaning, dictionary definition

NOUN

- the process of realising of assets and of discharging liabilities in concluding the affairs of a business or estate
- the process of converting securities or commodities into cash
- the state of being liquidated

- DISTRIBUTION – meaning, dictionary definition

NOUN

- act or instance of allotting, delivering or apportioning
- way of being apportioned
- something dispersed or delivered
- arrangement, classification
- delivery to intended recipients

- ACCOUNT – meaning, dictionary definition

NOUN

- report, narration
- record of business transaction

A REPORT ON THE PROCESS OF THE COLLECTION AND REALISATION OF ASSETS, DISCHARGING OF DEBTS AND HANDING OVER OF WHAT IS LEFT OVER TO HEIRS

ADDRESSED TO INTERESTED PARTIES

- THE MASTER
- HEIRS
- CREDITORS

PRESCRIBED FORM REFERRED TO IN SECTION 35

§ 103 Empowers the Minister of Justice may make Regulations

REGULATION 5

The account referred to in §35(1) of the Act SHALL : -

REGULATION 5 SETS OUT THE FORMAT AND CONTENT OF THE “PRESCRIBED FORM”

➔ PEREMPTORY

FRAMEWORK FOR LIQUIDATION AND DISTRIBUTION ACCOUNT

1. HEADING
2. LIQUIDATION ACCOUNT
3. CASH RECAPITULATION STATEMENT
4. DISTRIBUTION ACCOUNT
5. INCOME AND EXPENDITURE ACCOUNT
6. FIDUCIARY ASSETS ACCOUNT
7. ESTATE DUTY ACCOUNT
8. EXECUTOR'S CERTIFICATE

• HEADING

PURPOSE

TO INTRODUCE THE DECEASED TO THE MASTER

SET OUT DECEASED'S PERSONAL DETAILS

- NAME
- ID NUMBER
- MARITAL STATUS
- DATE OF DEATH
- MASTER'S REFERENCE NUMBER

• LIQUIDATION ACCOUNT

PURPOSE

TO DETERMINE DISTRIBUTABLE AMOUNT

SET OUT : ASSETS AND LIABILITIES AS AT DATE OF DEATH

RULE : FAIR MARKET VALUE AS AT DATE OF DEATH / IF SOLD, SALE PROCEEDS

- **CASH RECAPITULATION STATEMENT**

PURPOSE

TO DETERMINE LIQUIDITY

SET OUT CASH ITEMS

- CASH ASSETS
 - LIABILITIES
 - LEGACIES
 - ESTATE DUTY

- **DISTRIBUTION ACCOUNT**

PURPOSE

TO SET OUT WHO GETS WHAT

→ HEIRS

→ INHERITANCE

→ AMOUNT

→ WHAT AMOUNT COMPRISES OF

- **INCOME AND EXPENDITURE ACCOUNT**

PURPOSE

TO SET OUT INCOME ACCRUED AFTER DEATH AND EXPENDITURE INCURRED AFTER DEATH

EXAMPLES OF INCOME

INTEREST ON DECEASED'S BANK ACCOUNTS

INTEREST ON ESTATE BANK ACCOUNT

DIVIDEND INCOME

RENTAL INCOME

EXAMPLES OF EXPENDITURE

BANK SERVICE FEES AND CHARGES

EXECUTOR'S REMUNERATION – 6% + VAT

- **FIDUCIARY ASSETS ACCOUNT**

WHERE THE DECEASED IS THE “MIDDLE MAN”

AND ONLY APPLIES TO ASSETS HELD SUBJECT TO A FIDEICOMMISSUM

PURPOSE

TO REFLECT AS AN ACCOUNT WITHIN AN ACCOUNT – THE VALUE OF THE FIDUCIARY INTEREST, THE LIABILITIES ATTACHING TO IT AND TO REFLECT TO WHOM IT DEVOLVES

- **ESTATE DUTY ACCOUNT**

PURPOSE

TO DETERMINE THE DUTIABLE AMOUNT

WHAT ESTATE DUTY TAX IS TO BE PAID TO SARS

GROSS ASSETS + DEEMED ASSETS

LESS DEDUCTIONS, LESS REBATE = DUTIABLE AMOUNT

X 20%

- **EXECUTOR'S CERTIFICATE**

SIGN OFF AS AT A PARTICULAR DATE

PURPOSE

TO CONFIRM WHAT HAS BEEN DONE

- ASSETS AND LIABILITIES AS AT DATE OF DEATH DISCLOSED
- INCOME COLLECTED AND EXPENDITURE INCURRED AFTER DEATH DISCLOSED

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