

THE LAW SOCIETY OF JERSEY ACCOUNTS RULES

The Accounts Rules were adopted by The Law Society of Jersey by Resolution duly passed at an Extraordinary General Meeting held on 7 November 2016.

The Rules come into force on 1 January 2017. The effective date for firms will be the first day of the firm or LLP's accounting year which occurs on or after the date upon which the Rules come into force.

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INTERPRETATION

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1.1	<p>In these Rules [unless the context otherwise requires]:</p> <p>a) References to legislation:</p> <ul style="list-style-type: none"> i) include any subordinate legislation (including regulations and orders) made under that legislation, whether before or after the date of adoption of these Rules; and ii) include a reference to such legislation as from time to time amended or re-enacted (whether before or after the date of adoption of these Rules) and, where such legislation has re-enacted or replaced any other legislation, such other legislation, <p>and references to re-enactment include by way of consolidation or re-writing (whether with or without modification);</p> <p>b) References to law include reference to all applicable legislation and law in any part of the world, [and include all applicable rules and regulations, codes of practice, codes of conduct, handbooks, policy statements or other guidance (whether or not having the force of law) issued from time to time by any relevant authority];</p> <p>c) References to a "person" include a natural person, partnership, company, association, joint venture, consortium, organisation, foundation, trust, government or state (in each case whether or not having separate legal personality);</p> <p>d) References to a "company" include any company, corporation or other body corporate, wherever and however incorporated or established;</p> <p>e) The singular shall include the plural and <i>vice versa</i> and references to any gender or the neuter include a reference to the other gender and the neuter;</p> <p>Any reference to these Rules or to any other document is a reference to these Rules or that other document as amended, varied, supplemented, replaced, or restated at any time; and</p> <p>Any reference to something being "in writing" or "written" shall include a reference to that thing being produced by any legible and non-transitory substitute for writing (including in electronic form) or partly in one manner and partly in another.</p>
1.2	The <i>ejusdem generis</i> principle of construction shall not apply to these

	Rules. Accordingly, general words shall not be given a restrictive meaning by reason of the fact that they are preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words; and any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
1.3	The table of contents and headings in these Rules are inserted for convenience only and shall not affect the construction of these Rules.
1.4	The Appendices form part of these Rules.

Ref.	
PART A	General
	<p>Introduction</p> <p>The purpose of the Rules is to explain how members ensure that client money is safe, client accounts are used for appropriate purposes only and that firms are managed in such a way, with appropriate systems and procedures in place, as to safeguard client money. The Principles set out in the Code of Conduct apply to all aspects of practice. Members must comply with Principle 7 (“Members must protect client money and assets”) so that client money and assets are protected at all times.</p> <p>If there are any concerns that client money is at risk, the Law Society of Jersey must be informed in accordance with the provisions of the Code of Conduct (R.12.2 b)).</p>

Ref.	Accounts Rule 1
AR.1	<p data-bbox="363 248 735 286">Overarching requirements</p> <p data-bbox="363 322 571 353">Members must:</p> <ul style="list-style-type: none"> <li data-bbox="363 389 1406 562">(a) comply with the Principles and Rules set out in the Code of Conduct and should bear in mind that, as referred to in (at the date of adoption of these Rules, R.14.3 of) the Code of Conduct, a disciplinary committee will have regard to the Guidance set out in the Code of Conduct when considering whether a breach of the Code of Conduct has occurred; <li data-bbox="363 598 1406 667">(b) keep other people's money separate from money belonging to the member or the firm; <li data-bbox="363 703 1406 772">(c) keep other people's money safely in a bank account identifiable as a client account (except when the Rules specifically provide otherwise); <li data-bbox="363 808 1114 840">(d) use each client's money for that client's matters only; <li data-bbox="363 875 1203 907">(e) use controlled trust money for the purpose of that trust only; <li data-bbox="363 943 1406 1012">(f) establish and maintain proper accounting systems and internal controls over those systems, to ensure compliance with these Rules; <li data-bbox="363 1048 1406 1117">(g) keep proper accounting records to show the accurate financial position in relation to money held for each client and each controlled trust; <li data-bbox="363 1153 1406 1223">(h) account for interest on other people's money in accordance with these Rules; <li data-bbox="363 1258 1406 1328">(i) co-operate with the Law Society in checking compliance with these Rules; and <li data-bbox="363 1364 1267 1395">(j) deliver annual accountant's certificates as required by the Rules.

Ref.	Accounts Rule 2
AR.2	Glossary of terms and interpretation
AR.2.1	The Rules are to be interpreted in the light of the notes, which are binding.
AR.2.2	<p>In the Rules, unless the context otherwise requires:</p> <ul style="list-style-type: none"> (i) “accounting period” has the meaning given in AR.36; (ii) “agreed fee” has the meaning given in AR.19(5); (iii) “recognised LLP or legal services body” means a limited liability partnership or legal services body recognised by The Law Society of Jersey under The Law Society of Jersey Law 2005; (iv) “bank” means an institution licensed under the Banking Business (Jersey) Law 1991; (v) “client” means the person for whom a member acts; (vi) “client account” has the meaning given in AR.14(2); (vii) “client money” has the meaning given in AR.13; (viii) “code of conduct” means the Law Society of Jersey Code of Conduct; (ix) a “controlled trust” is where: <ul style="list-style-type: none"> (a) a member is the sole trustee of a trust, or co-trustee with only one or more of his or her partners or employees; (b) a member who is a member or employee of a recognised LLP is the sole trustee of a trust, or co-trustee with only one or more of the recognised LLP’s other officers or employees or with the recognised LLP itself; (c) a recognised LLP is the sole trustee of a trust, or co-trustee with only one or more of the recognised LLP’s officers, employees or partners; and “controlled trustee” means a trustee of a controlled trust; (see also paragraph (xxvi) below on the meaning of “trustee” and “trust”); (x) “controlled trust money” has the meaning given in AR.13; (xi) “costs” means a member’s fees and disbursements; (xii) “Committee ” means the Committee of The Law Society of Jersey; (xiii) “disbursements” means any sum spent or to be spent by a member on behalf of the client or controlled trust (including any GST element); (xiv) “fees” of a member means the member’s own charges (including any GST element); (xv) “firm” includes sole practitioners, general partnerships, limited liability partnerships or other legal services bodies as defined in The Law Society of Jersey Law 2005. (xvi) “general client account” has the meaning given in AR.14.5 (b); (xvii) “LLP” or “limited liability partnership” means a limited liability partnership registered under the Limited Liability Partnerships (Jersey) Law 1997. (xviii) “member” means a person who is a member of the Society and has not been suspended from practice; and for the purposes of the Rules also includes: a member’s partnership, a recognised LLP; and a partnership of members and a recognised LLP; (xix) “mixed payment” has the meaning given in AR.20(1); (xx) “office account” means an account of the member or the firm for holding office money, or other means of holding office money (for example, the office cash box); (xxi) “office money” has the meaning given in AR.13; (xxii) “principal” means; <ul style="list-style-type: none"> (a) a sole practitioner;

	<p>(b) a partner or a person held out as a partner (including a “salaried” or “associate” partner or partner of a limited liability partnership or other legal services body);</p> <p>(c) the principal member (or any one of the principal members) in an in-house practice (for example, in commerce and industry);</p> <p>(xxiii) “professional disbursement” means a disbursement being the fees of counsel or other lawyer, or of a professional or other agent or expert instructed by the member;</p> <p>(xxiv) “the Rules” means these Rules, The Law Society of Jersey Accounts Rules;</p> <p>(xxv) “separate designated client account” has the meaning given in AR.14(5)(a);</p> <p>(xxvi) “Society” means The Law Society of Jersey;</p> <p>(xxvii) “Judicial Greffe” means the Judicial Greffe, a department of the States of Jersey;</p> <p>(xxviii) “trustee” includes a personal representative (i.e. an executor or an administrator) and “trust” includes the duties of a personal representative; and</p> <p>(xxix) “without delay” means, in normal circumstances, either on the day of receipt or on the next working day.</p>
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Ref.	Accounts Rule 2 – Notes
AR.2.N	Notes
AR.2.N.1	The fees of interpreters, translators, process servers, surveyors, estate agents, etc., instructed by the member within the definition of “disbursements” are professional disbursements (see AR.2(2)(xxi)). Travel agents’ charges are not professional disbursements.
AR.2.N.2	The general definition of “office account” is wide (see AR.2(2)(xviii)). However AR.19(1)(b) (receipt and transfer of costs) and AR.21(1)(b) (payments of legal aid costs from the Judicial Greffe) specify that certain money is to be placed in an office account at a bank.

Ref.	Accounts Rule 3
R.3	Scope The Rules apply to members and their employees.
R.3.1	These Rules apply equally to everyone in a firm, whether the person is a member or an employee, qualified or not qualified and whether the firm is a general partnership or a recognised LLP, in the sense that non-compliance by any employee will lead to the principals being in breach of the Rules – see AR.6.

Ref.	Accounts Rule 4
AR.4	Persons governed by the Rules
AR.4.1	<p>The Rules apply to:</p> <p>(a) members who are:</p> <ul style="list-style-type: none"> (i) sole practitioners; (ii) partners in a firm, or held out as partners (including “salaried” and “associate” partners); (iii) assistants, associates, consultants or locums in private practice; (iv) employed as in-house members (for example, in commerce and industry); or (v) partners of a recognised LLP; <p>(b) recognised LLPs.</p>
AR.4.2	Part F of the Rules (accountants’ certificates) also applies to certifying accountants.

Ref.	Accounts Rule 4 – Notes
AR.4.N	Notes
AR.4.N.1	<p>If a member has held or received client monies or controlled trust monies, but no longer does so, whether or not they continue in practice, the member continues to be bound by some of the Rules – for example:</p> <ul style="list-style-type: none"> (a) AR.7 (duty to remedy breaches); (b) AR.19(2) and AR.11.N to AR.19, AR.32(8) to (15) and AR.33 (retention of records); (c) AR.34 (production of records); (d) Part F (accountants’ certificates), and in particular AR.35 and AR.36(5) (delivery of final certificate) and AR.38(2) and AR.46 (retention of records); (e) Part G (members’ reports).
AR.4.N.2	<p>The Rules do not cover a member’s trusteeships carried on in a purely personal capacity outside any legal firm. It will usually be clear from the terms of the appointment whether the member is being appointed trustee in his or her professional capacity or in a purely personal capacity. If a member is charging for the work, it is clearly being done as a member. Use of professional stationery may also indicate that the work is being done in a professional capacity.</p>

AR.4.N.3	<p>A member who wishes to retire from private practice must decide about any professional trusteeship. There are three options:</p> <p>(a) continue to act as a professional trustee (as demonstrated by, for example, charging for work done, or continuing to use the title “member” in connection with the trust). In this case money subject to the trust must continue to be dealt with in accordance with the Rules.</p> <p>(b) continue to act as a trustee, but in a purely personal capacity. In this case, the member must stop charging for the work, and must not be held out as a member (unless this is qualified by words such as “non-practising” or “retired”) in connection with the trust.</p> <p>(c) cease to be a trustee.</p>
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Ref.	Accounts Rule 5
AR.5	<p>Persons exempt from the Rules</p> <p>The Rules do not apply to:</p> <p>(a) a member when practising as an employee of:</p> <ul style="list-style-type: none"> (i) the Jersey States; (ii) a Connétable; (iii) statutory boards; or <p>(b) a member when carrying out the functions of a coroner of inquests or other judicial office.</p>

Ref.	Accounts Rule 6
AR.6	<p>Principals’ responsibility for compliance</p> <p>All the principals in a firm must ensure compliance with the Rules by the principals themselves and by everyone else working in the firm. This duty also extends to the members of a recognised LLP and to the recognised LLP itself.</p>

Ref.	Accounts Rule 7
AR.7	Duty to remedy breaches
AR.7.1	Any breach of the Rules must be remedied promptly upon discovery. This includes replacing any money improperly withheld or withdrawn from a client account.
AR.7.2	The duty to remedy breaches applies not only to the person who caused the breach, but also to all the principals in the firm. The principals must replace any missing client money or controlled trust money from their own resources, even if the money has been stolen or otherwise misappropriated by an employee or fellow principal, and whether or not a claim is subsequently made on the relevant member’s insurance policy.

Ref.	Accounts Rule 7 – Notes
AR.7.N	Notes
AR.7.N.1	AR.24(2) explains the obligation to pay interest when money should have been held in a client account but was not.

Ref.	Accounts Rule 8
AR.8	Controlled trustees
	A member who in the course of practice acts as a controlled trustee must treat the controlled trust money as if it were client money, except when the Rules require otherwise.

Ref.	Accounts Rule 9
AR.9	Liquidators
AR.9.1	A member who in the course of practice acts as a liquidator must comply with the appropriate statutory requirements, the Principles set out in AR.1 of these Rules and the requirements of AR.9.2 – AR.9.4 below and will then be deemed to have satisfactorily complied with the Rules.
AR.9.2	<p>In respect of any records kept under the appropriate statutory requirements, there must also be compliance with:</p> <ul style="list-style-type: none"> (a) AR.32(8) – bills and notifications of costs; (b) AR.32(9)(c) – retention of records; (c) AR.32(12) – centrally kept records; (d) AR.34 – production of records; and (e) AR.42(1)(l) – certifying accountant to check compliance.
AR.9.3	If a liquidator uses the firm’s client account to hold money pending transfer to the liquidator’s own account or payment into court he or she must comply with these Rules in all respects whilst the money is held in the client account.
AR.9.4	If the appropriate statutory requirements do not govern the holding or receipt of client money in a particular situation (for example, money below a certain limit), the member must comply with these Rules in all respects in relation to that money.

Ref.	Accounts Rule 9 – Notes
AR.9.N	Notes
AR.9.N.1	Members and their employees must comply with the relevant legislation relating to liquidators, i.e. the Companies (Jersey) Law 1991.

AR.9.N.2	Money held or received by member liquidators is client money but, because of the statutory Rules and AR.9(1), it will not normally be kept in a client account. If for any reason it is held in a client account, the Accounts Rules apply to that money for the time it is so held (see AR.9(3) and AR.9(4)).
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Ref.	Accounts Rule 10
AR.10	Joint accounts
AR.10.1	<p>If, when acting in a client's matter, a member or an employee holds or receives money jointly with the client, another firm or another third party, the Rules apply to the extent that the member is responsible for the operation of the account. The following must be complied with:</p> <ul style="list-style-type: none"> (a) AR.32(7) – statements from banks; (b) AR.32(8) – bills and notifications of costs; (c) AR.32(9)(b)(ii) – retention of statements; (d) AR.32(13) – centrally kept records; (e) AR.34 – production of records etc.; and (f) AR.42(1)(m) – certifying accountant to check compliance.
AR.10.2	<p><i>Operation of the joint account by the member or employee only</i></p> <p>If the joint account is operated only by the member or employee, the member or employee must ensure that he or she receives the statements from the bank.</p>
AR.10.3	<p><i>Shared operation of the joint account</i></p> <p>If a member or employee shares the operation of the joint account with the client, another firm or another third party, a member or employee must ensure that he or she receives the statements or duplicate statements from the bank and retains them in accordance with AR.32(9)(b)(ii).</p>
AR.10.4	<p><i>Operation of the joint account by the other account holders</i></p> <p>If the joint account is operated solely by the other account holder, a member or employee must ensure that he or she receives the statements or duplicate statements from the bank and retains them in accordance with AR.32(9)(b)(ii).</p>

Ref.	Accounts Rule 10 – Notes
AR.10.N	Notes
AR.10.N.1	Although a joint account is not a client account, money held in a joint account is client money.

Ref.	Accounts Rule – 11
AR.11	Operation of a client's own account
AR.11.1	<p>If a member or employee in the course of practice operates a client's own account as signatory (for example, as donee under a power of attorney), Parts B and C of the Rules, and Part D of the Rules (with the exception of AR.33) do not apply. The following must be complied with:</p> <p>(a) AR.33(1) to AR.33(3) – accounting records for clients' own accounts; (b) AR.34 – production of records; and (c) AR.42(1)(n) – certifying accountant to check compliance.</p>
AR.11.2	<p><i>Operation by the member or employee only</i></p> <p>If the account is operated by a member or employee only, that member or employee must ensure that he or she receives the statements from the bank.</p>
AR.11.3	<p><i>Shared operation of the account</i></p> <p>If a member or employee shares the operation of the account with the client or a co-attorney outside the firm, that member or employee must ensure that he or she receives the statements or duplicate statements from the bank and retains them in accordance with AR.33(1) to AR.33(3).</p>
AR.11.4	<p><i>Operation of the account for a limited purpose</i></p> <p>If a member or employee is given authority (whether as attorney or otherwise) to operate the account for a limited purpose only, such as the taking up of a share rights issue during the client's temporary absence, that member or employee need not receive statements, provided that he or she retains details of all cheques drawn or paid in, relating to the transaction, and retains them in accordance with AR.33(1) and AR.33(2).</p>
AR.11.5	<p><i>Application</i></p> <p>This Rule applies only to members and employees in private practice.</p>

Ref.	Accounts Rule 11 – Notes
AR.11.N	Notes
AR.11.N.1	<p>Money held in a client's personal account (under a power of attorney or otherwise) is not "client money" for the purpose of the Rules because it is not "held or received" by the member or employee. If the member or employee closes the account and receives the closing balance, it will become client money and must be paid into a client account, unless the client instructs the member or employee otherwise in accordance with AR.16(1)(a).</p>
AR.11.N.2	<p>A member or employee who merely pays money into a client's personal account, or helps the client to complete forms in relation to such an account, is not "operating" the account.</p>

AR.11.N.3	An executor (whether a member or employee) who operates the deceased's account (whether before or after the grant of probate) will be subject to the limited requirements of AR.11. If the account is subsequently transferred into the executor's name, or a new account is opened in the executor's name, the executor will have "held or received" controlled trust money (or client money) and is then subject to all the Rules.
AR.11.N.4	The Rules do not cover money held or received by an attorney (whether a member or employee) acting in a purely personal capacity outside any firm. If an attorney is charging for the work, it is clearly being done in the course of legal practice. See AR.4.N.3 for the choices which can be made on retirement from private practice.
AR.11.N.5	"A client's personal account" covers all accounts in a client's own name, whether opened by the client himself or herself, or by the member on the client's instructions under AR.16(1)(b).
AR.11.N.6	"A client's personal account" includes an account opened in the name of a person designated by the client under AR.16(1)(b).
AR.11.N.7	Members should also note the requirements of AR.32(8) – bills and notifications of costs.
AR.11.N.8	For payment of interest, see AR.24.N.3.

Ref.	Accounts Rule 12
AR.12	<p>Member's rights not affected</p> <p>Nothing in the Accounts Rules deprives a member of any recourse or right, whether by way of lien, set off, counterclaim, charge or otherwise, against money standing to the credit of a client account.</p>

Ref.	Accounts Rule 13
AR.13	<p>Categories of money</p> <p>All money held or received in the course of practice falls into one of the following categories;</p> <ul style="list-style-type: none"> (a) "client money" – money of any currency held or received for a client, and all other money which is not controlled trust money or office money; (b) "controlled trust money" – money of any currency held or received for a controlled trust; or (c) "office money" – money of any currency which belongs to the member or the firm.

Ref.	Accounts Rule 13 - Notes
AR.13.N	Notes
AR.13.N.1	<p>“Client money” includes money held or received:</p> <ul style="list-style-type: none"> (a) as trustee; (b) as agent, bailee, stakeholder, or as donee of a power of attorney or as liquidator; (c) for payment of unpaid professional disbursements (for definition of “professional disbursements” see AR.2(2)(xxi); (d) for payment of stamp duty, registration fees, telegraphic transfer fees and court fees; this is not office money because the member has not incurred an obligation to the States of Jersey, the bank or the court to pay the fee (contrast with AR.13.N.10(c)(iii) below); (on the other hand, if the member has already paid the fee out of his or her own resources, or has received the service on credit, payment subsequently received from the client will be office money – see AR.13.N.10(c)(ii) below); (e) as a payment on account of costs generally; (f) as commission paid in respect of a member’s client for which he or she is required to account to his client in accordance with AR.1.3(h).
AR.13.N.2	<p>A member or employee to whom a cheque or draft is made out, and who in the course of practice endorses it over to a client or employer, has received client money. Even if no other client money is held or received, the member or employee will be subject to some provisions of the Rules, for example:</p> <ul style="list-style-type: none"> • AR.7 (duty to remedy breaches); • AR.32 (accounting records for client monies); • AR.34 (production of records); • AR.35 (delivery of accountant’s certificate).
AR.13.N.3	<p>Money held jointly with another person outside the practice (for example, with a lay trustee, or with another firm of members) is client money subject to a limited application of the Rules – see AR.10.</p>
AR.13.N.4	<p>Money held to the sender’s order is client money:</p> <ul style="list-style-type: none"> (a) if money is accepted on such terms, it must be held in a client account; (b) however, a cheque or draft sent to a member on terms that the cheque or draft (as opposed to the money) is held to the sender’s order must not be presented for payment without the sender’s consent; (c) the recipient is always subject to a professional obligation to return the money or the cheque or draft, to the sender on demand.
AR.13.N.5	<p>An advance to a client from the member which is paid into a client account under AR.15(2)(b) becomes client money. For interest, see AR.24(3)(e).</p>
AR.13.N.6	<p>Money subject to a trust will be either:</p> <ul style="list-style-type: none"> (a) controlled trust money (where members of the firm are the only trustees, but see detailed definition of “controlled trust” in AR.2(2)(x); or (b) client money (if the trust is not a controlled trust, where the member will be co-trustee with a lay person, or is acting for lay trustees).
AR.13.N.7	<p>A member who, as the donee of a power of attorney, operates the donor’s own account is subject to a limited application of the Rules – see AR.11. Money</p>

	kept in the donor's own account is not "client money", because it is not "held or received" by the member.
AR.13.N.8	Money held or received by a member in the course of his or her employment when practising in one of the capacities listed in AR.5 (persons exempt from the Rules) is not "client money" for the purpose of the Rules, because the Rules do not apply.
AR.13.N.9	Office money includes: <ul style="list-style-type: none"> (a) money held or received in connection with running the firm: for example, ITIS or GST on the firm's fees; (b) interest on general client accounts; the bank should be instructed to credit such interest to the office account – but see also AR.15(2)(d), and AR.15.N.6 for interest on controlled trust money; and (c) payments received in respect of: <ul style="list-style-type: none"> (i) fees due to the firm against a bill or written notification of costs incurred, which has been given or sent in accordance with AR.19(2); (ii) disbursements already paid by the firm (for definition of "disbursements" see AR.2(2)(xiii); (iii) disbursements already paid by the firm, but excluding unpaid professional disbursements (for definition of "professional disbursements" see AR.2(2)(xxi) and AR.2.N.3; (iv) money paid for or towards an agreed fee – see AR.19(5); and (d) money in a client account and earmarked for costs under AR.19(3) (transfer of costs from client account to office account).
AR.13.N.10	A member who is a principal cannot be his or her own client for the purpose of the Rules, so that if a firm conducts a personal or office transaction – for instance, conveyancing – for a principal (or for a number of principals) money held or received on behalf of the principal(s) is office money. However other circumstances may mean that the money is client money, for example: <ul style="list-style-type: none"> (a) If the firm also acts for the lender, money held or received on behalf of the lender is client money. (b) If the firm acts for a principal and, for example, his or her spouse jointly (assuming the spouse is not a principal in the firm), money received on their joint behalf is client money.
AR.13.N.11	If the firm acts for an assistant, consultant or non-member employee, he or she is regarded as a client of the firm, and money received for him or her is client money – even if he or she conducts the matter personally. Members should take care to ensure that all controlled trust monies are identified and dealt with in accordance with the Rules. Care should be taken to ensure that compliance with the Rules is not limited to those areas of practice where controlled trust monies most frequently arise, or to formal settlements only.

PART B – CLIENT MONEY, CONTROLLED TRUST MONEY AND OPERATION OF A CLIENT ACCOUNT

Ref.	Accounts Rule 14
AR.14	Client accounts
AR.14.1	Members (and their employees) who hold or receive client money and/or controlled trust money must keep one or more client accounts (unless all the client money and controlled trust money is always dealt with outside any client account in accordance with AR.9, AR.10 or AR.16 to AR.18).
AR.14.2	A “client account” is an account of a firm kept at a bank for holding client money and/or controlled trust money, in accordance with the requirements of this part of the Rules.
AR.14.3	<p>The client account(s) of:</p> <ul style="list-style-type: none"> (a) a sole practitioner must be either in the member’s own name or in the firm’s name; (b) a partnership must be in the firm name; (c) a recognised LLP must be in the name of the LLP; (d) [in-house members must be in the name of the current principal member or members]; (e) executors or trustees who are controlled trustees must be either in the name of the firm or in the name of the controlled trustee(s) <p><u>and</u> the name of the account must also include the word “client”.</p>
AR.14.4	<p>A client account must be:</p> <ul style="list-style-type: none"> (a) a bank account at a branch in Jersey; or (b) for non-sterling denominated bank accounts, held at a branch in Jersey or held centrally with that bank outside the Island and linked to the Jersey based accounts.
AR.14.5	<p>There are two types of client account:</p> <ul style="list-style-type: none"> (a) a “separate designated client account”, which is a deposit account for money relating to a single client, or a current or deposit account for money held for a single controlled trust; and which includes in its title, in addition to the requirements of AR.14(3) above, a reference to the identity of the client or controlled trust; and (b) a “general client account”, which is any other client account.

Ref.	Accounts Rule 14 - Notes
AR.14.N	Notes
AR.14.N.1	For the client accounts of an executor, trustee or nominee company owned by a member's firm, see AR.31.
AR.14.N.2	In the case of in-house members, any client account should be in the names of all members held out on the notepaper as principals. The names of other employees may also be included if so desired.
AR.14.N.3	"Bank" is defined in AR.2(2)(iv) and (v) respectively.
AR.14.N.4	A firm may have any number of separate designated client accounts and general client accounts.
AR.14.N.5	The word "client" must appear in full; an abbreviation is not acceptable.
AR.14.N.6	Money held in a client account must be immediately available, even at the sacrifice of interest. There may be exceptional circumstances when the money is not immediately available, for example, due to a client's instructions. Members or employees must be satisfied that any such instructions are proper and legitimate.

Ref.	Accounts Rule 15
AR.15	Use of a client account
AR.15.1	Client money and controlled trust money must be paid into a client account without delay and must be held in a client account, except when the Rules provide to the contrary (see AR.16 to AR.18).
AR.15.2	<p>Only client money or controlled trust money may be paid into or held in a client account, except:</p> <ul style="list-style-type: none"> (a) an amount of a member's own money required to open or maintain the account; (b) an advance from a member to fund a payment on behalf of a client or controlled trust in excess of funds held for that client or controlled trust (the sum becomes client money or controlled trust money on payment into the account and interest must be paid in accordance with AR.24(3)(e) for client money and AR.24(7) for controlled trust money; (c) money to replace any sum in accordance with AR.22.N.8 or which for any reason has been drawn from the account in breach of AR.22 (the replacement money becomes client money or controlled trust money on payment into the account); and (d) a sum in lieu of interest which is paid into a client account for the purpose of complying with AR.24(2) as an alternative to paying it to the client direct; <p>and except when the Rules provide to the contrary.</p>

AR.15.3	Client money must be returned to the client (or other person on whose behalf the money is held) promptly, as soon as there is no longer any proper reason to retain those funds. Payments received after the firm has already accounted to the client, for example by way of a refund, must be paid to the client promptly.
AR.15.4	A member or firm must promptly inform a client (or other person on whose behalf the money is held) in writing of the amount of any client money retained at end of the matter (or the substantial conclusion of a matter), and the reason for that retention. The member or firm must inform the client (or other person) in writing at least once every twelve months thereafter of the amount of client money still held and the reason for the retention, for as long as they continue to hold that money.
AR.15.5	Members must not provide banking facilities through a client account. Payments into and transfers or withdrawals from a client account must be due to instructions relating to an underlying legal transaction (and the funds arising from that transaction) or to a service which forms part of the firm's normal regulated activities.

Ref.	Accounts Rule 15 - Notes
AR.15.N	Notes
AR.15.N.1	See AR.13 and AR.13.N for the definition and examples of client money and controlled trust money.
AR.15.N.2	"Without delay" is defined in Rule 2(2)(xxvii).
AR.15.N.3	<p>Exceptions to AR.15(1) (client money and controlled trust money must be paid into a client account) can be found in:</p> <ul style="list-style-type: none"> (a) AR.9 – liquidators; (b) AR.10 – joint accounts; (c) AR.16 – client's instructions; (d) AR.17 and AR.18 – cash paid straight to client, beneficiary or third party; <ul style="list-style-type: none"> (i) cheque endorsed to client, beneficiary or third party; (ii) controlled trust money paid into an account which is not a client account; (e) AR.19(1)(b) – receipt and transfer of costs; (f) AR.21(1) – payments of Legal Aid Costs from the Judicial Greffe.
AR.15.N.4	<p>AR.15(2)(a) to (d) provides for exceptions to the Principle that only client money and controlled money may be paid into a client account. Additional exceptions can be found in:</p> <ul style="list-style-type: none"> (a) AR.19(1)(c) - receipt and transfer of costs; (b) AR.20(2)(b) - receipt of mixed payments.
AR.15.N.5	Only a nominal sum will be required to open or maintain an account. In practice, banks will usually open (and, if instructed, keep open) accounts with nil balances.

AR.15.N.6	AR.15 allows controlled trust money to be mixed with client money in a general client account. However, the general law requires a member to act in the best interests of a controlled trust and not to benefit from it. The interest Rules in Part C do not apply to controlled trust money. A member or employee's legal duty means that the member or employee must obtain the best reasonably obtainable rate of interest and must account to the relevant controlled trust for all the interest earned, regardless of whether the controlled trust money is held in a separate designated client account or a general client account. One way of ensuring that all interest is accounted for, is to set up a general client account only for controlled trust money. When controlled trust money is held in a general client account, interest will be credited to the office account in the normal way, but all interest must be promptly allocated to each controlled trust – either by transfer to the general client account, or to separate designated client account(s) for the particular trust(s), or by payment to each trust in some other way.
AR.15.N.7	Members (and their employees) should also consider whether they have received any indirect benefit from controlled trust money at the expense of the controlled trust(s). For example, the bank might charge a reduced overdraft rate by reference to the total funds (including controlled trust money) held, in return for paying a lower rate of interest on those funds. In this type of case, the law may require the member or employee to do more than simply account for any interest earned.
AR.15.N.8	If controlled trust money is invested in the purchase of assets other than money – such as stocks or shares – it ceases to be controlled trust money, because it is no longer money held by the member or employee. If the investment is subsequently sold, the money received becomes controlled trust money again. The records kept under AR.32 must include entries to show the purchase or sale of investments.
AR.15.N.9	Banks may propose schemes which would aggregate the sums held in a number of client accounts in order to maximise the interest payable. It is not acceptable to aggregate money held in separate designated client accounts with money held in general client accounts (see AR.24.N.1).
AR.15.N.10	In the case of <i>Wood and Burdett</i> (case number 8669/2002 filed on 13 January 2004), the Solicitors' Disciplinary Tribunal of England and Wales said it was not a proper part of a solicitor's everyday business or practice to operate a banking facility for third parties, whether they are clients of the firm or not. This principle is also applicable to members and employees who should not, therefore, provide banking facilities through a client account. It should also be borne in mind that there are criminal sanctions against assisting money launderers.

Ref.	Accounts Rule 16
AR.16	Client money withheld from client account on client's instructions
AR.16.1	<p>Client money may be:</p> <ul style="list-style-type: none"> (a) held by a member or employee outside a client account by, for example, retaining it in a firm's safe in the form of cash or placing it in an account in a member's name which is not a client account, such as a building society share account or an account outside Jersey; (b) paid into an account at a bank, building society or other financial institution opened in the name of the client or of a person designated by the client; <p>only if the client instructs a member or employee to that effect for the client's own convenience, and only if the instructions are given in writing, or are given by other means and confirmed by a member or employee to the client in writing.</p>
AR.16.2	It is improper to seek blanket agreements, through standard terms of business or otherwise, to hold client money outside a client account.

Ref.	Accounts Rule 16 - Notes
AR.16.N	Notes
AR.16.N.1	For advance payments of legal aid costs from the Judicial Greffe withheld from a client account on the Judicial Greffe's instructions, see AR.21(1)(a).
AR.16.N.2	If a client instructs the member or employee to hold part only of a payment in accordance with AR.16(1)(a) or (b), the entire payment must first be placed in a client account. The relevant part can then be transferred out and dealt with in accordance with the client's instructions.
AR.16.N.3	Money withheld from a client account under AR.16(1)(a) remains client money and the record-keeping provisions of AR.32 must be complied with.
AR.16.N.4	Once money has been paid into an account set up under AR.16(1)(b), it ceases to be client money. Until that time, the money is client money and a record must be kept of the member's receipt of the money and its payment into the account in the name of the client or designated person, in accordance with AR.32. If the member can operate the account, the member must comply with AR.11 (operating a client's own account) and AR.33 (accounting records for clients' own accounts). In the absence of instructions to the contrary, any money withdrawn must be paid into a client account – see AR.15(1).
AR.16.N.5	Client's instructions under AR.16(1) must be kept for at least 11 years – see AR.32(9)(d).
AR.16.N.6	A payment on account of costs received from a person who is funding all or part of the member's fees may be withheld from a client account on the instructions of that person given in accordance with AR.16(1) and AR.16(2).
AR.16.N.7	For payment of interest, see AR.24(6) and AR.24.N.2 and AR.24.N.3.

Ref.	Accounts Rule 17
AR.17	Other client money withheld from a client account
AR.17.1	<p>The following categories of client money may be withheld from a client account:</p> <ul style="list-style-type: none"> (a) cash received and without delay paid in cash in the ordinary course of business to the client or, on the client's behalf, to a third party; (b) a cheque or draft received and endorsed over in the ordinary course of business to the client or, on the client's behalf, to a third party; (c) money withheld from a client account on instructions under AR.16; (d) unpaid professional disbursements included in a payment of costs dealt with under AR.19(1)(b) ; and (e) unpaid professional disbursements included in a payment on account of Legal Aid costs (see AR.21).

Ref.	Accounts Rule 17 - Notes
AR.17.N	Notes
AR.17.N.1	"Without delay" is defined in AR.2(2)(xxvii).
AR.17.N.2	If money is withheld from a client account under AR.17(a) or (b), AR.32 requires records to be kept of the receipt of the money and the payment out.
AR.17.N.3	An endorsement may be effected by signature in the normal way or by some other arrangement with the bank.

Ref.	Accounts Rule 18
AR.18	Controlled trust money withheld from a client account
AR.18.1	<p>The following categories of controlled trust money may be withheld from a client account:</p> <ul style="list-style-type: none"> (a) cash received and paid in cash, without delay, in the execution of the trust to a beneficiary or third party; (b) a cheque or draft received and without delay endorsed over in the execution of the trust to a beneficiary or third party; (c) money which, in accordance with the trustee's powers, is paid into or retained in an account of the trustee which is not a client account (for example, a building society share account or an account outside Jersey) or properly retained in cash in the performance of the trustee's duties.

Ref.	Accounts Rule 18 - Notes
AR.18.N	Notes
AR.18.N.1	"Without delay" is defined in AR.2(2)(xxvii).

AR.18.N.2	If money is withheld from a client account under AR.18(a) or (b), AR32 requires records to be kept of the receipt of the money and the payment out – see also AR.15.N.8. If money is withheld from a client account under AR.18(c), AR.32 requires a record to be kept of the receipt of the money.
AR.18.N.3	An endorsement may be effected by signature in the normal way or by some other arrangement with the bank.

Ref.	Accounts Rule 19
AR.19	Receipt and transfer of costs
AR.19.1	<p>A member or employee who receives money paid in full or part settlement of a firm's bill (or other notification of costs) must follow one of the following four options;</p> <ul style="list-style-type: none"> (a) determine the composition of the payment without delay and deal with the money accordingly; <ul style="list-style-type: none"> (i) if the sum comprises office money only, it must be placed in an office account; (ii) if the sum comprises client money only (for example an unpaid professional disbursement - see AR.2(2)(xxi)), the entire sum must be placed in a client account; (iii) if the sum includes both office money and client money (such as unpaid professional disbursements; purchase money or payments in advance for court fees, stamp and probate duty, land transaction tax, general registration fees or telegraphic transfer fees) a member must follow AR.20 (receipt of mixed payments); or (b) ascertain that the payment comprises only office money, and/or client money in the form of professional disbursements incurred but not yet paid, and deal with the payment as follows: <ul style="list-style-type: none"> (i) place the entire sum in an office account at a bank branch in Jersey; and (ii) by the end of the second working day following receipt, either pay any unpaid professional disbursement, or transfer a sum for its settlement to a client account; or (c) pay the entire sum into a client account (regardless of its composition), and transfer any office money out of the client account within 14 days of receipt; or (d) on receipt of Legal Aid costs from the Judicial Greffe, follow the option in AR.21(1)(b).
AR.19.2	A member or employee who properly requires payment of his or her fees from money held for the client or controlled trust in a client account must not transfer the fees unless the client or paying party has been given or sent a bill of costs or other written notification of the costs which have been properly incurred.
AR.19.3	Once a member or employee has complied with AR.19.2, the money earmarked for costs becomes office money and must be transferred out of the client account within 14 days.
AR.19.4	A payment on account of costs is usually client money and must be held in a client account until the member or employee has complied with AR.19.2. There is an exception in the case of legal aid payments, see AR.21(1)(a).
AR.19.5	A payment for an agreed fee i.e. a fixed fee which cannot be varied must be

	paid into an office account. An agreed fee must be evidenced in writing.
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Ref.	Accounts Rule 19 - Notes
AR.19.N	Notes
AR.19.N.1	For the definition and further examples of office and client money, see AR.13 and AR.13.N.
AR.19.N.2	<p>The main types of disbursements are categorised in the following ways:</p> <ul style="list-style-type: none"> (a) money received for disbursements paid by the firm is office money; (b) money received for unpaid professional disbursements is client money; (c) money received for other unpaid disbursements for which the member, employee or firm has incurred a liability to the payee (for example, travel agents' charges, taxi fares, courier charges or search fees, payable on credit) is office money; (d) money received for disbursements anticipated but not yet incurred is a payment on account and is therefore client money.
AR.19.N.3	The option in AR.19(1)(a) allows a member to place all payments in the correct account in the first instance. The option in AR.19(1)(b) allows the prompt banking into an office account of an invoice payment when the only uncertainty is whether or not the payment includes some client money in the form of unpaid professional disbursements. The option in AR.19(1)(c) allows the prompt banking into a client account of any invoice payment in advance of determining whether the payment is a mixture of office and client money (of whatever description) or is only office money.
AR.19.N.4	A member who is not in a position to comply with the requirements of AR.19(1)(b) cannot take advantage of that option.
AR.19.N.5	The option in AR.19(1)(b) cannot be used if the money received includes a payment on account – for example, a payment for a professional disbursement anticipated but not yet incurred.
AR.19.N.6	In order to be able to use the option in AR.19(1)(b) for electronic payments or other direct transfers from clients, a member may choose to establish a system whereby clients are given an office account number for payment of costs. The system must be capable of ensuring that, when invoices are sent to the client, no request is made for any client money, with the sole exception of money for professional disbursements already incurred but not yet paid.
AR.19.N.7	AR.19(1)(c) allows clients to be given a single account number for making direct payments by electronic or other means – under this option, it has to be a client account.

AR.19.N.8	A member or employee will not be in breach of AR.19 as a result of a misdirected electronic payment or other direct transfer, provided: (a) appropriate systems are in place to ensure compliance; (b) appropriate instructions were given to the client; (c) the client's mistake is remedied promptly upon discovery; and (d) appropriate steps are taken to avoid future errors by the client.
AR.19.N.9	"Properly" in AR.19(2) implies that the work has actually been done, whether at the end of the matter or at an interim stage and that the member or employee is entitled to receive the money for costs.
AR.19.N.10	Costs transferred out of a client account in accordance with AR.19(2) and AR.19(3) must be specific sums relating to the bill or other written notification of costs and covered by the amount held for the particular client or controlled trust. Round sum withdrawals on account of costs will be a breach of the Rules.
AR.19.N.11	In the case of a controlled trust, the paying party will be the controlled trustee(s) themselves. The member must keep the original bill or notification of costs on the file, in addition to complying with AR.32(8) (central record or file of copy bills, etc.)
AR.19.N.12	Undrawn costs must not be kept in a client account as a "cushion" against any future errors which could result in a shortage on that account and cannot be regarded as available to set off against any general shortage on client account.

Ref.	Accounts Rule 20
AR.20	Receipt of mixed payments
AR.20.1	A "mixed payment" is one which includes client money or controlled trust money as well as office money.
AR.20.2	A mixed payment must either: (a) be split between a client account and office account as appropriate; or (b) be placed without delay in a client account.
AR.20.3	If the entire payment is placed in a client account, all office money must be transferred out of the client account within 14 days of receipt.
AR.20.4	See AR.19(1)(b) and (c) for additional ways of dealing with (among other things) mixed payments received in response to a bill or other notification of costs.
AR.20.5	See AR.21(1)(b) for (among other things) mixed payments of Legal Aid costs received from the Judicial Greffe.

Ref.	Accounts Rule 20 - Notes
AR.20.N	Notes
AR.20.N.1	“Without delay” is defined in AR.2(2)(xxvii).

Ref.	Accounts Rule 21
AR.21	Treatment of payments to legal aid practitioners
AR.21.1	<p>Payments of Legal Aid Costs from the Judicial Greffe</p> <p>Two special dispensations apply to payments of Legal Aid from the Judicial Greffe:</p> <ul style="list-style-type: none"> (a) an advance payment in anticipation of work to be carried out, (which is client money) may be placed in an office account, provided the Judicial Greffe instructs in writing that this may be done; (b) a payment for costs (interim and/or final) may be paid into an office account at a bank branch (or head office) in Jersey regardless of whether it consists wholly of office money, or is mixed with client money in the form of: <ul style="list-style-type: none"> (i) advance payments for fees or disbursements; or (ii) money for unpaid professional disbursements; (iii) provided all money for payment of disbursements is transferred to a client account (or the disbursements paid) within 14 days of receipt.
AR.21.2	<p>Payments from a third party</p> <p>If the Judicial Greffe has paid any costs to a member or a previously nominated member in a matter (advance payments or interim costs), or has paid professional disbursements direct and costs are subsequently settled by a third party:</p> <ul style="list-style-type: none"> (a) the entire third party payment must be paid into a client account; (b) a sum representing the payments made by the Judicial Greffe must be retained in the client account; (c) any balance belonging to a member must be transferred to an office account within 14 days of the member sending a report to the Judicial Greffe containing details of the third party payment; (d) the sum retained in the client account as representing payments made by the Judicial Greffe must be: <ul style="list-style-type: none"> (i) either recorded in the individual client’s ledger account and identified as the Judicial Greffe’s money; or (ii) recorded in a ledger account in the Judicial Greffe’s name and identified by reference to the client or matter; <p>and kept in the client account until notification from the Judicial Greffe that it has recouped an equivalent sum from subsequent legal aid payments due to the member or employee. The retained sum must be transferred into an office account within 14 days of notification.</p>

Ref.	Accounts Rule 21 - Notes
AR.21.N	Notes
AR.21.N.1	This Rule deals with matters which specifically affect legal aid practitioners. It should not be read in isolation from the remainder of the Rules which apply to all members and employees, including legal aid practitioners.
AR.21.N.2	AR.21(1)(b) deals with the specific problems of legal aid practitioners by allowing a mixed or indeterminate payment of costs (or even a payment consisting entirely of unpaid professional disbursements) to be paid into an office account, which for the purpose of AR.21(1)(b) must be an account at a bank. However, it is always open to the member to comply with AR.19(1)(a) to (c), which are the options for all members for the receipt of costs.
AR.21.N.3	A third party payment may also include unpaid professional disbursements or outstanding costs of the client's previous member. This part of the payment is client money and must be kept in a client account until the member or employee pays the professional disbursement or outstanding costs.

Ref.	Accounts Rule 22
AR.22	Withdrawals from a client account
AR.22.1	<p>Client money may only be withdrawn from a client account when it is:</p> <ul style="list-style-type: none"> (a) properly required for a payment to or on behalf of the client (or other person on whose behalf the money is being held); (b) properly required for payment of a disbursement on behalf of the client; (c) properly required in full or partial reimbursement of money spent by the member on behalf of the client; (d) transferred to another client account; (e) withdrawn on the client's instructions, provided the instructions are for the client's convenience and are given in writing, or are given by other means and confirmed by a member or employee to the client in writing; (f) a refund to a member or employee of an advance no longer required to fund a payment on behalf of a client (see AR.15(2)(b)); (g) money which has been paid into the account in breach of the Rules (for example, money paid into the wrong separate designated client account) - see AR.22(4) below; or (h) withdrawn following the arrival of the anticipated telegraphic transfer where previously money has been paid into the account in accordance with AR.22.N.8(b).
AR.22.2	<p>Controlled trust money may only be withdrawn from a client account when it is:</p> <ul style="list-style-type: none"> (a) properly required for a payment in the execution of the particular trust, including the purchase of an investment (other than money) in accordance with the trustee's powers; (b) properly required for payment of a disbursement for the particular trust; (c) properly required in full or partial reimbursement of money spent by the member on behalf of the particular trust; (d) transferred to another client account; (e) transferred to an account other than a client account (such as a building society share account or an account outside Jersey), but only if the

	<p>trustee's powers permit, or to be properly retained in cash in the performance of the trustee's duties;</p> <p>(f) a refund to a member of an advance no longer required to fund a payment on behalf of a controlled trust (see AR.15(2)(b));</p> <p>(g) money which has been paid into the account in breach of the Rules (for example, money paid into the wrong separate designated client account) - see AR.22(4) below; or</p> <p>(h) withdrawn following the arrival of the anticipated telegraphic transfer where previously money has been paid into the account in accordance with AR.22.N.8(b).</p>
AR.22.3	<p>Office money may only be withdrawn from a client account when it is:</p> <p>(a) money properly paid into the account to open or maintain it under AR.15(2)(a);</p> <p>(b) properly required for payment of costs under AR.19(2) and AR.19(3);</p> <p>(c) the whole or part of a payment into a client account under AR.19(1)(c);</p> <p>(d) part of a mixed payment placed in a client account under AR.20(2)(b); or</p> <p>(e) money which has been paid into a client account in breach of the Rules (for example, interest wrongly credited to a general client account) - see AR.22 (4) below.</p>
AR.22.4	<p>Money which has been paid into a client account in breach of the Rules must be withdrawn from the client account promptly upon discovery.</p>
AR.22.5	<p>Money withdrawn in relation to a particular client or controlled trust from a general client account must not exceed the money held on behalf of that client or controlled trust in all of the firm's general client accounts (except as provided in AR.22 (6) below).</p>
AR.22.6	<p>A member or employee may make a payment in respect of a particular client or controlled trust out of a general client account, even if no money (or insufficient money) is held for that client or controlled trust in the member's general client account(s), provided:</p> <p>(a) sufficient money is held for that client or controlled trust in a separate designated client account; and</p> <p>(b) the appropriate transfer from the separate designated client account to a general client account is made immediately.</p>
AR.22.7	<p>Money held for a client or controlled trust in a separate designated client account must not be used for payments for another client or controlled trust.</p>
AR.22.8	<p>A client account must not be overdrawn, except in the following circumstances:</p> <p>(a) a separate designated client account for a controlled trust can be overdrawn if the controlled trustee makes payments on behalf of the trust (for example, UK inheritance tax) before realising sufficient assets to cover the payments;</p> <p>(b) if a sole practitioner dies and his or her client accounts are frozen, the member-manager can operate client accounts which are overdrawn to the extent of the money held in the frozen accounts.</p>

Ref.	Accounts Rule 22 - Notes
AR.22.N	Notes
AR.22.N.1	<p>Withdrawals in favour of a member or employee and for payment of disbursements</p> <p>Disbursements to be paid direct from a client account, or already paid out of the member's own money, can be withdrawn under AR.22(1)(b) or (c) (or AR.22(2)(b) or (c)) in advance of preparing a bill of costs. Money to be withdrawn from a client account for the payment of costs (fees and disbursements) under AR.19(2) and AR.19(3) becomes office money and is dealt with under AR.22(3)(b).</p>
AR.22.N.2	<p>Money is "spent" under AR.22(1)(c) (or AR.22(2)(c)) at the time when, in the case of payment by cheque, the member or employee despatches a cheque, unless the cheque is to be held to the member or employee's order. Money is also regarded as "spent" by the use of a credit account, so that, for example, search fees, taxi fares and courier charges incurred in this way may be transferred to the firm's office account.</p>
AR.22.N.3	<p>See AR.23(3) for the way in which a withdrawal from a client account in favour of the member must be effected.</p>
AR.22.N.4	<p>Cheques payable to banks, building societies, etc.</p> <p>In order to protect clients' funds (or controlled trust funds) against theft when cheques are made payable to banks, building societies or other large institutions, it is strongly recommended that members and employees add the name and number of the account after the payee's name.</p>
AR.22.N.5	<p>Drawing against uncleared cheques</p> <p>Members and employees should only draw against a cheque received from or on behalf of a client before it has been cleared, in the circumstances set out in AR.22.N.6. If the cheque is not met, other client's money will have been used to make the payment in breach of the Rules. See AR.7 (duty to remedy breaches). A member may be able to avoid a breach of the Rules by instructing the bank to charge all unpaid credits to the member's office or personal account.</p>
AR.22.N.6	<p>Drawing against a cheque received from or on behalf of a client before it is cleared is not a breach of the Rules provided:</p> <ul style="list-style-type: none"> (a) the cheque does clear within a reasonable period of time (defined as five working days); or (b) the unpaid credit is not charged to a client account.

AR.22.N.7	<p>Non-receipt of telegraphic transfer</p> <p>If a member or employee acting for a client withdraws money from a general account on the strength of information that a telegraphic transfer is on its way, but the telegraphic transfer does not arrive, the member or employee will have used other client's money in breach of the Rules. See also AR.7 (duty to remedy breaches).</p>
AR.22.N.8	<p>Withdrawing money from a general account on the strength of information that a telegraphic transfer is on its way is not a breach of the Rules provided;</p> <p>(a) the telegraphic transfer does arrive within a reasonable period of time (defined as five working days); or</p> <p>(b) the member's own money equal to the value to the money withdrawn is paid into the general account.</p>
AR.22.N.9	<p>Withdrawals on instructions</p> <p>One of the reasons why a client might authorise a withdrawal under AR.22(1)(e) might be to have the money transferred to a type of account other than a client account. If so, the requirements of AR.16 must be complied with.</p>

Ref.	Accounts Rule 23
AR.23	Method of and authority for withdrawals from client account
AR.23.1	<p>A withdrawal from a client account may be made only after a specific authority in respect of that withdrawal has been approved (including electronically) by at least one of the following:</p> <p>(a) a member;</p> <p>(b) in the case of a recognised LLP, a member.</p>
AR.23.2	<p>There is no need to comply with AR.23.1 when transferring money from one general client account to another general client account at the same bank.</p>
AR.23.3	<p>A withdrawal from a client account in favour of a member or the firm must either be by way of a cheque to the member or firm, or by way of a transfer to the office account or to the member's personal account. The withdrawal must not be made in cash.</p>

Ref.	Accounts Rule 23 - Notes
AR.23.N	Notes
AR.23.N.1	<p>Members must put in place appropriate systems and procedures governing withdrawals from client account, including who is authorised to be a signatory on client account. It is unlikely to be appropriate for employees to be sole signatory.</p>

AR.23.N.2	A withdrawal can only be made after a specific authority in respect of that withdrawal has been signed by an appropriate person in accordance with the firm's procedures for signing on client account. An authority for approvals from client account may be signed electronically subject to appropriate safeguards and controls.
AR.23.N.3	Instructions to the bank to withdraw money from a client account (AR.23 (1)) may be given over the telephone, provided a specific authority has been signed in accordance with this Rule before the instructions are given. If a member decides to take advantage of this arrangement, it is of paramount importance that the scheme has appropriate in-built safeguards, such as passwords, to give the greatest protection possible for client money (or controlled trust money). Suitable safeguards will also be needed for firms which operate a CHAPS terminal.
AR.23.N.4	In the case of a withdrawal by cheque, the specific authority (AR.23 (1)) is usually a signature on the cheque itself. Signing a blank cheque is not a specific authority.
AR.23.N.5	A withdrawal from a client account by way of a private loan from one client to another can only be made if the provisions of AR.30 (2) are complied with.
AR.23.N.6	It is advisable that a withdrawal for payment to or on behalf of a client (or on behalf of a controlled trust) be made by way of a crossed cheque whenever possible.
AR.23.N.7	Controlled trustees who instruct an outside manager to run, or continue to run, on a day to day basis, the business or property portfolio of an estate or trust will not need to comply with AR.23 (1), provided original or copies of authorities (other than paid cheques) are retained in accordance with AR.32 (10). (See also AR.32.N.2(d).)
AR.23.N.8	Where the sum due to the client is sufficiently large, the member should consider whether it would be appropriate to make the transfer to the client by direct bank transfer. For doing this, the member would be entitled to make a modest administrative charge in addition to any charge made by the bank in connection with the transfer.
AR.23.N.9	Wherever practical a minimum of two signatories as specified in AR.23 (1) above should be required for payments of £10,000 or more. This is not always practical, particularly in the case of a sole practitioner.

PART C – INTEREST

Ref.	Accounts Rule 24										
AR.24	When interest must be paid										
AR.24.1	When a member or employee holds money in a separate designated client account for a client or for a person funding all or part of a member's fees, a member or employee must account (i.e. pay or credit) to the client or that person for all interest earned on the account.										
AR.24.2	When a member holds money in a general client account for a client, or for a person funding all or part of a member's fees (or if money should have been held for a client or such other person in a client account but was not) a member or employee must account to the client or that person for a sum in lieu of interest calculated in accordance with AR.25.										
AR.24.3	<p>A member is not required to pay a sum in lieu of interest under AR.24 (2) above:</p> <p>(a) if the amount calculated is £20 or less;</p> <p>(b) (i) if a member or employee holds a sum of money not exceeding the amount shown in the left hand column below for a time not exceeding the period indicated in the right hand column:</p> <table> <thead> <tr> <th>Amount</th><th>Time</th></tr> </thead> <tbody> <tr> <td>£2,500</td><td>8 weeks</td></tr> <tr> <td>£5,000</td><td>4 weeks</td></tr> <tr> <td>£10,000</td><td>2 weeks</td></tr> <tr> <td>£20,000</td><td>1 week</td></tr> </tbody> </table> <p>(ii) if a member or employee holds a sum of money exceeding £20,000 for one week or less, unless it is fair and reasonable to account for a sum in lieu of interest having regard to all the circumstances;</p> <p>(c) on money held for the payment of counsel's fees, once counsel has requested a delay in settlement;</p> <p>(d) on money held on behalf of the Judicial Greffe or Viscount's Department;</p> <p>(e) on an advance from a member under AR.15(2)(b) to fund a payment on behalf of the client in excess of funds held for that client; or</p> <p>(f) if there is an agreement to contract out of the provision of this Rule under AR.27.</p>	Amount	Time	£2,500	8 weeks	£5,000	4 weeks	£10,000	2 weeks	£20,000	1 week
Amount	Time										
£2,500	8 weeks										
£5,000	4 weeks										
£10,000	2 weeks										
£20,000	1 week										

AR.24.4	If sums of money are held intermittently during the course of acting and the sum in lieu of interest calculated under AR.25 for any period is £20 or less, a sum in lieu of interest should still be paid if it is fair and reasonable in the circumstances to aggregate the sums in respect of the individual periods.
AR.24.5	If money is held for a continuous period and for part of that period, it is held in a separate designated client account, the sum in lieu of interest for the rest of the period when the money was held in a general client account may as a result be £20 or less. A sum in lieu of interest should, however, be paid if it is fair and reasonable in the circumstances to do so.
AR.24.6	(a) If a member or employee holds money for a client (or person funding all or part of a member's fees) in an account opened on the instructions of the client (or that person) under AR.16(1)(a), a member or employee must account to the client (or that person) for all interest earned on the account. (b) If a member or employee has failed to comply with instructions to open an account under AR.16(1)(a), a member or employee must account to the client (or the person funding all or part of a member's fees) for a sum in lieu of any net loss of interest suffered by the client (or that person) as a result.
AR.24.7	This Rule does not apply to controlled trust money.

Ref.	Accounts Rule 24 – Notes
AR.24.N	Notes
AR.24.N.1	Requirement to pay interest The whole of the interest earned on a separate designated client account must be credited to the account. However, the obligation to pay a sum in lieu of interest for amounts held in a general client account is subject to the de minimis provisions in AR.24(3)(a) and (b). Firms may retain any interest earned on client money held in a general client account over and above that which they have to pay under the Rules. (See also AR.15.N.9 on aggregation of accounts).
AR.24.N.2	There is no requirement to pay a sum in lieu of interest on money held on instructions under Rule 16(1)(a) in a manner which attracts no interest.
AR.24.N.3	Accounts opened in the client's name under AR.16(1)(b) (whether operated by the member or not) are not subject to AR.24, as the money is not held by the member or employee. All interest earned belongs to the client. The same applies to any account in the client's own name operated by the member as signatory under AR.11.
AR.24.N.4	Money subject to a trust which is not a controlled trust is client money (see AR.13.N.7), and AR.24 therefore applies to it.

AR.24.N.5	<p><i>De minimis provisions (AR.24(3)(a) and (b))</i></p> <p>The sum in lieu of interest is calculated over the whole period for which money is held (see AR.25(2)). If this sum is £20 or less, the member or employee need not account (i.e. pay or credit) to the client. If sums of money are held in relation to separate matters for the same client, it is normally appropriate to treat the money relating to the different matters separately, so that, if any of the sums calculated is £20 or less, no sum in lieu of interest is payable. There will, however, be cases when the matters are so closely related that they ought to be considered together, for example, when a member is acting for a client in connection with numerous debt collection matters.</p>
AR.24.N.6	<p><i>Administrative charges</i></p> <p>It is not improper to charge a reasonable fee for the handling of client money when the service provided is out of the ordinary.</p>
AR.24.N.7	<p><i>Unpresented cheques</i></p> <p>A client may fail to present a cheque to his or her bank account for payment. Whether or not it is reasonable to recalculate the amount due will depend on all the circumstances of the case. A reasonable charge may be made for any extra work carried out if the member or employee is legally entitled to make such a charge.</p>
AR.24.N.8	<p><i>Liquidators</i></p> <p>Under AR.9, Part C of the Rules does not normally apply to members who are liquidators, etc. Members must comply with the appropriate statutory requirements and AR.9(3) and AR.9(4) as appropriate.</p>
AR.24.N.9	<p><i>Joint accounts</i></p> <p>Under AR.10, Part C of the Rules does not apply to joint accounts. If a member or employee holds money jointly with a client, interest earned on the account will be for the benefit of the client unless otherwise agreed. If money is held jointly with another member's firm, the allocation of interest earned will depend on the agreement reached.</p>
AR.24.N.10	<p><i>Requirements for controlled trust money (AR.24(7))</i></p> <p>Part C does not apply to controlled trust money. Under the general law, trustees of a controlled trust must account for all interest earned. For the treatment of interest on controlled trust money in a general client account, see AR.13.N.11(b), AR.15(2)(d) and AR.15.N.8. (See AR.15.N.9 to Rule 15 on aggregation of accounts.)</p>

Ref.	Accounts Rule 25
AR.25	Amount of interest
AR.25.1	A member or an employee must aim to obtain a reasonable rate of interest on money held in a separate designated client account, and must account for a fair sum in lieu of interest on money held in a general client account (or on money which should have been held in a client account but was not). The sum in lieu of interest need not necessarily reflect the highest rate of interest obtainable but it is not acceptable to look only at the lowest rate of interest obtainable.
AR.25.2	<p>The sum in lieu of interest for money held in a general client account (or on money which should have been held in a client account but was not) must be calculated;</p> <p>(a) on the balance or balances held over the whole period for which cleared funds are held;</p> <p>(b) at a rate not less than (whichever is the higher of) the following;</p> <p style="padding-left: 40px;">(i) the rate of interest payable on a separate designated client account for the amount or amounts held; or</p> <p style="padding-left: 40px;">(ii) the rate of interest payable on the relevant amount or amounts if placed on deposit on similar terms by a member of the business community;</p> <p>(c) at the bank where the money is held.</p>
AR.25.3	If the money, or part of it, is held successively or concurrently in accounts at different banks or building societies, the relevant bank or building societies that offered the best rate on the date when the money was first held.
AR.25.4	If, contrary to the Rules, the money is not held in a client account, the relevant bank for the purpose of AR.25 (2) will be a clearing bank or building society nominated by the client (or other person on whose behalf client money is held).

Ref.	Accounts Rule 25 – Notes
AR.25.N	Notes
AR.25.N.1	The sum in lieu of interest has to be calculated over the whole period for which money is held, see AR.25(2). The member or employee will usually account to the client at the conclusion of the client's matter, but might in some cases consider it appropriate to account to the client at intervals throughout.
AR.25.N.2	When looking at the period over which the sum in lieu of interest must be calculated, it will usually be unnecessary to check on actual clearance dates. When money is received by cheque and paid out by cheque, the normal clearance periods will usually cancel each other out, so that it will be satisfactory to look at the period between the dates when the incoming cheque is banked and the outgoing cheque is drawn.

AR.25.N.3	<p>Different considerations apply when payments in and out are not both made by cheque. So, for example, the relevant periods would normally be:</p> <ul style="list-style-type: none"> (a) from the date when a member or employee receives incoming money in cash until the date when the outgoing cheque is sent; (b) from the date when an incoming telegraphic transfer begins to earn interest until the date when the outgoing cheque is sent; (c) from the date when an incoming cheque or banker's draft is or would normally be cleared until the date when the outgoing telegraphic transfer is made or banker's draft is obtained.
AR.25.N.4	The sum in lieu of interest is calculated by reference to the rates paid by the appropriate bank (see AR.25(2) to AR.25(4)). Members will therefore follow the practice of that bank in determining how often interest is compounded over the period for which the cleared funds are held.
AR.25.N.5	Money held in a client account must be immediately available, even at the sacrifice of interest, unless the client otherwise instructs, or the circumstances clearly indicate otherwise. The need for access can be taken into account in assessing the appropriate rate for calculating the sum to be paid in lieu of interest or in assessing whether a reasonable rate of interest has been obtained for a separate designated client account.
AR.25.N.6	Members are reminded to consider any taxation implications relating to interest received and paid on client bank accounts. In particular, but without prejudice to the generality of the foregoing, members should consider any formal notice received from the Comptroller of Taxes, including such notices as are included in the annual tax returns of LLPs, and the impact of the European Union Savings Tax Directive which came into effect on 1 July 2005.

Ref.	Accounts Rule 26
AR.26	Interest on stakeholder money
AR.26.1	When a member holds money as stakeholder, a member must pay interest, or a sum in lieu of interest, on the basis set out in AR.24 to the person to whom the stake is paid.

Ref.	Accounts Rule 26 – Notes
AR.26.N	Notes
AR.26.N.1	For contracting out of this provision, see AR.27(2) and the AR.27.N27.

Ref.	Accounts Rule 27
AR.27	Contracting out
AR.27.1	In appropriate circumstances, a client and a member or employee may, by a written agreement, come to a different arrangement as to the matters dealt with in AR.24 (payment of interest).
AR.27.2	A member acting as a stakeholder may, by a written agreement with his or her own client and the other party to the transaction, come to a different arrangement as to the matters dealt with in AR.24.

Ref.	Accounts Rule 27 – Notes
AR.27.N	Notes
AR.27.N.1	Members and employees must, as required by R.1.5 of the Code of Conduct, treat their clients fairly and provide sufficient information to enable them to give informed consent if the relevant member considers it appropriate to depart from the interest provisions. Whether it is appropriate to contract out depends on all the circumstances, for example, the size of the sum involved or the nature or status or bargaining position of the client. It might, for instance, be appropriate to contract out by standard terms of business if the client is a substantial commercial entity and the interest involved is modest in relation to the size of the transaction. The larger the sum of interest involved, the greater the onus will be on the member or employee to show that a client who had accepted a contracting out provision was properly informed and had been treated fairly.
AR.27.N.2	In principle, a member-stakeholder is entitled to make a reasonable charge to the client for acting as stakeholder in the client's matter.
AR.27.N.3	Alternatively, it may be appropriate to include a special provision in the contract that the member-stakeholder retains the interest on the deposit to cover his or her charges for acting as stakeholder. This is only acceptable if it will provide a fair and reasonable payment for the work and risk involved in holding a stake. The contract could stipulate a maximum charge, with any interest earned above that figure being paid to the recipient of the stake.
AR.27.N.4	Any right to charge the client or specify a charge which may fall on the client, would be excluded by, for instance, a prior agreement with the client for a fixed fee for the client's matter, or for an estimated fee which cannot be varied upwards in the absence of special circumstances. It is therefore not normal practice for a stakeholder in conveyancing transactions to receive a separate payment for holding the stake.
AR.27.N.5	A member-stakeholder who seeks an agreement to exclude the operation of AR.26 should be particularly careful not to take unfair advantage either of the client or of the other party if unrepresented.
AR.27.N.6	Any breach by a member or employee of a written agreement contracting out of AR.24 is also a breach of the Rules.

Ref.	Accounts Rule 28
AR.28	Interest certificates
AR.28.1	<p>Without prejudice to any other remedy:</p> <p>(a) any client, including one of joint clients, or a person funding all or part of a member's fees may, providing all such information as the Law Society may require, apply to the Law Society for a certificate as to whether or not interest, or a sum in lieu of interest, should have been paid and, if so, the amount; and</p> <p>(b) if the Law Society certifies that interest, or a sum in lieu of interest, should have been paid, a member must pay the certified sum.</p>

Ref.	Accounts Rule 28 – Notes
AR.28.N	Notes
AR.28.N.1	It is advisable for the client (or other person) to try to resolve the matter with the member before approaching the Law Society.
AR.28.N.2	If appropriate, the Law Society will require the member to obtain an interest calculation from the relevant bank.

PART D – ACCOUNTING SYSTEMS AND RECORDS

Ref.	Accounts Rule 29
AR.29	Guidelines for accounting procedures and systems
AR.29.1	The Law Society may from time to time publish guidelines for accounting procedures and systems to assist members and their employees to comply with Parts A to D of the Rules and members and their employees may be required to justify any departure from the guidelines. The guidelines do not override or detract from the need to comply fully with the Rules.

Ref.	Accounts Rule 29 – Notes
AR.29.N	Notes
AR.29.N.1	The current guidelines appear at Appendix 1.
AR.29.N.2	The certifying accountant does not carry out a detailed check for compliance, but has a duty to report on any substantial departures from the guidelines discovered whilst carrying out work in preparation of his or her certificate (see AR.43 and AR.44(d)).

Ref.	Accounts Rule 30
AR.30	Restrictions on transfers between clients
AR.30.1	<p>A paper transfer of money held in a general client account from the ledger of one client to the ledger of another client may only be made if:</p> <ul style="list-style-type: none"> (a) it would have been permissible to withdraw that sum from the account under AR.22(1); and (b) it would have been permissible to pay that sum into the account under AR.15; <p>(but there is no requirement in the case of a paper transfer for the written authority of a member, etc., under AR.23(1)).</p>
AR.30.2	<p>No sum in respect of a private loan from one client to another can be paid out of funds held for the lender either:</p> <ul style="list-style-type: none"> (a) by a payment from one client account to another; (b) by a paper transfer from the ledger of the lender to that of the borrower; or (c) to the borrower directly, <p>except with the prior written authority of both clients.</p>

Ref.	Accounts Rule 30 – Notes
AR.30.N	Notes
AR.30.N.1	“Private loan” means a loan other than one provided by an institution which provides loans on standard terms in the normal course of its activities – AR.30(2) does not apply to loans made by an institutional lender. See also R.6 of the Code of Conduct about conflicts of interests.
AR.30.N.2	If the loan is to be made by (or to) joint clients, the consent of each client must be obtained.

Ref.	Accounts Rule 31
AR.31	Recognised bodies
AR.31.1	<p>If a member’s partnership owns a recognised LLP (or other recognised body), the partnership and the recognised LLP must not operate shared client accounts, but may;</p> <p>(a) use one set of accounting records for money held, received or paid by the partnership and the recognised LLP; and/or</p> <p>(b) deliver a single accountant’s certificate for both the partnership and the recognised LLP.</p>
AR.31.2	If a recognised LLP as nominee receives a dividend cheque made out to the recognised LLP, and forwards the cheque, either endorsed or subject to equivalent instructions, to the share-owner’s bank or building society, etc., the recognised LLP will have received (and paid) controlled trust money. One way of complying with AR.32 (accounting records) is to keep a copy of the letter to the share-owner’s bank or building society, etc., on the file, and, in accordance with AR.32(14), to keep another copy in a central book of such letters. (See also AR.32(9)(f) (retention of records for eleven years).)

Ref.	Accounts Rule 31 - Notes
AR.31.N	Notes
AR.31.N.1	AR.31(1) applies equally to a recognised LLP owned by a sole practitioner, or by a partnership, or indeed by another recognised LLP (or other recognised body). If a recognised LLP holds or receives money as executor, trustee or nominee, it is a controlled trustee.

Ref.	Accounts Rule 32
AR.32	Accounting records for client accounts, etc.
AR.32.1	<p><i>Accounting records which must be kept</i></p> <p>A member and his or her employees must at all times keep accounting records properly written up to show a member's dealings with:</p> <ul style="list-style-type: none"> (a) client money received, held or paid by a member or employee, including client money held outside a client account under AR.16(1)(a); (b) controlled trust money received, held or paid by the member or employee, including controlled trust money held under AR.18(c) in accordance with the trustee's powers in an account which is not a client account; and (c) any office money relating to any client matter, or to any controlled trust matter.
AR.32.2	<p>All dealings with client money (whether for a client or other person), and with any controlled trust money, must be appropriately recorded;</p> <ul style="list-style-type: none"> (a) in a client cash account or in a record of sums transferred from one client ledger account to another; and (b) on the client side of a separate client ledger account for each client (or other person, or controlled trust). <p>No other entries may be made in these records.</p>
AR.32.3	<p>If separate designated client accounts are used:</p> <ul style="list-style-type: none"> (a) a combined cash account must be kept in order to show the total amount held in separate designated client accounts; and (b) a record of the amount held for each client (or other person, or controlled trust) must be made either in a deposit column of a client ledger account, or on the client side of a client ledger account kept specifically for a separate designated client account, for each client (or other person, or controlled trust).
AR.32.4	<p>All dealings with office money relating to any client matter, or to any controlled trust matter, must be appropriately recorded in an office cash account and on the office side of the appropriate client ledger account.</p>
AR.32.5	<p>Current balance The current balance on each client ledger account must always be shown, or be readily ascertainable, from the records kept in accordance with AR.32.2 and AR.32.3 above.</p>
AR.32.6	<p><i>Acting for both lender and borrower</i></p> <p>When acting for both lender and borrower on a mortgage advance, separate client ledger accounts for both clients need not be opened, provided that:</p> <ul style="list-style-type: none"> (a) the funds belonging to each client are clearly identifiable; and (b) the lender is an institutional lender which provides mortgages on standard terms in the normal course of its activities.
AR.32.7	<i>Reconciliations</i>

	<p>A member must, at least once every 5 weeks:</p> <ul style="list-style-type: none"> (a) compare the balance on the client cash account(s) with the balances shown on the statements (after allowing for all unrepresented items) of all general client accounts and separate designated client accounts and of any account which is not a client account but in which a member holds client money under AR.16(1)(a) (or controlled trust money under AR.18(c)), and any client money (or controlled trust money) held by the member in cash; and (b) at the same date prepare a listing of all the balances shown by the client ledger accounts of the liabilities to clients (and other persons, and controlled trusts) and compare the total of those balances with the balance on the client cash account; and also (c) prepare a reconciliation statement. This statement must show the cause of the difference, if any, shown by each of the above comparisons.
AR.32.8	<p><i>Bills and notifications of costs</i></p> <p>A member must keep readily accessible a central record or file of copies of:</p> <ul style="list-style-type: none"> (a) all bills given or sent by the member; and (b) all other written notification of costs given or sent by the member; (c) in both cases distinguishing between fees, disbursements not yet paid at the date of the bill, and paid disbursements.
AR.32.9	<p><i>Retention of records</i></p> <p>A member must retain for at least 11 years from the date of the last entry:</p> <ul style="list-style-type: none"> (a) all documents or other records required by AR.32 (1) to (8); (b) all statements, as printed and issued by the bank, and/or all duplicate statements permitted in lieu of the originals by AR.10(3) or (4); for: <ul style="list-style-type: none"> (i) any general client account or separate designated client account; (ii) any joint account held under Rule 10; (iii) any account which is not a client account but in which a member or employee holds client money under AR.16(1)(a); (iv) any account which is not a client account but in which controlled trust money is held under AR.18(c); and (v) any office account maintained in relation to the firm; (c) any records kept under AR.9 (liquidators) including as printed or otherwise issued, any statements, and other accounting records originating outside the member or employee's office; (d) electronic versions of online statements and records which are held as an alternative to physical statements; (e) any written instructions to withhold client money from a client account (or a copy of a member or employee's confirmation of oral instructions) in accordance with AR.16; (f) any written agreements made under AR.27; (g) any central registers kept under AR.32 (11) to AR.32 (13) below; and (h) any copy letters kept centrally under AR.31(2) (dividend cheques endorsed over by a recognised LLP).

AR.32.10	<p>A member must retain, for at least 2 years, originals or copies of other authorities (including held electronically), other than paid cheques, for the withdrawal of money from a client account.</p> <p>While there is no requirement for a member to retain paid cheques, copies of cheques should be accessible in a suitable format (including electronically) for at least 2 years, in the event of a query or dispute</p>
AR.32.11	<p><i>Centrally kept records for certain accounts, etc.</i></p> <p>Statements for client money or controlled trust money held outside a client account under AR.16(1)(a) or AR.18(c) must be kept together centrally or a member must maintain a central register of these accounts.</p>
AR.32.12	<p>Any records kept under AR.9 (liquidators) must be kept together centrally or a member must maintain a central register of the appointments.</p>
AR.32.13	<p>The statements and duplicate statements relating to any joint account held under AR.10 must be kept together centrally or a member must maintain a central register of all joint accounts.</p>
AR.32.14	<p>If a recognised LLP as nominee follows the option in AR.31(2) (keeping instruction letters for dividend payments), a central book must be kept of all instruction letters to the share-owner's bank or building society, etc.</p>
AR.32.15	<p><i>Computerisation</i></p> <p>Records required by this Rule may be kept on a computerised system, apart from the following documents, which must be retained as printed or otherwise issued:</p> <ul style="list-style-type: none"> (a) original statements retained under AR.32 (9)(b) above; (b) original statements and other accounting records retained under AR.32 (9)(c) above; and (c) copy authorities retained under AR.32 (10) above. (d) there is no obligation to keep a hard copy of computerised records. However, if no hard copy is kept, the information recorded must be capable of being reproduced reasonably quickly in printed form for at least 11 years.
AR.32.16	<p><i>Suspense ledger accounts</i></p> <p>Suspense client ledger accounts may be used only when a member can justify their use, for instance, for temporary use on receipt of an unidentified payment, if time is needed to establish the nature of the payment or the identity of the client.</p>

Ref.	Accounts Rule 32 - Notes
AR.32.N	Notes
AR.32.N.1	It is strongly recommended that accounting records are written up at least weekly, even in the smallest firm, and daily in the case of larger firms.
AR.32.N.2	<p>AR.32(1) to AR.32(6) (general record-keeping requirements) and AR.32(7) (reconciliations) do not apply to:</p> <ul style="list-style-type: none"> (a) liquidators operating in accordance with statutory requirements under AR.9(1)(i); (b) joint accounts operated under AR.10; (c) a client's own account operated under AR.11, the record-keeping requirements for this type of account are set out in AR.33; (d) controlled trustees who instruct an outside manager to run, or continue to run, on a day to day basis, the business or property portfolio of an estate or trust, provided the manager keeps and retains appropriate accounting records, which are available for inspection by the Society in accordance with AR.34. (See also AR.23.N.5.)
AR.32.N.3	When a cheque or draft is received on behalf of a client and is endorsed over, not passing through a client account, it must be recorded in the books of account as a receipt and payment on behalf of the client. The same applies to cash received and not deposited in a client account but paid out to or on behalf of a client. A cheque made payable to a client, which is forwarded to the client by the member, is not client money and falls outside the Rules, although it is advisable to record the action taken.
AR.32.N.4	For the purpose of AR.32, money which has been paid into a client account under AR.19(1)(c) (receipt of costs), or under AR.20(2)(b) (mixed money) and for the time being remains in a client account, is to be treated as client money. It should be recorded on the client side of the client ledger account, but must be appropriately identified.
AR.32.N.5	For the purpose of AR.32, money which has been paid into an office account under AR.19(1)(b) (receipt of costs), AR.21(1)(a) (advance payments from the Judicial Greffe), or AR.21(1)(b) (payment of costs from the Judicial Greffe) and for the time being remains in an office account without breaching the Rules, is to be treated as office money. All these payments should be recorded on the office side of the client ledger account (for the individual client or for the Judicial Greffe) and must be appropriately identified.
AR.32.N.6	Some accounting systems do not retain a record of past daily balances. This does not put the member in breach of AR.32(5).
AR.32.N.7	"Clearly identifiable" in AR.32(6) means that by looking at the ledger account the nature and owner of the mortgage advance are unambiguously stated. For example, if a mortgage advance of £100,000 is received from the ABC Building Society, the entry should be recorded as "£100,000, mortgage advance, ABC Building Society". It is not enough to state the money was received from the ABC Building Society without specifying the nature of the payment, or vice versa.

AR.32.N.8	Although the member or employee does not open a separate ledger account for the lender, the mortgage advance credited to that account belongs to the lender, not the borrower, until completion takes place. Improper removal of these mortgage funds from a client account would be a breach of AR.22.
AR.32.N.9	Reconciliations should be carried out as they fall due, and in any event no later than the due date for the next reconciliation. In the case of other separate designated client accounts, the member should either obtain statements at least monthly, in physical form or electronically, or should obtain written confirmation of the balance direct from the bank or other financial institution. There is no requirement to check that interest has been credited since the last statement.
AR.32.N.10	In making the comparisons under AR.32(7)(a) and (b), it is improper to use credits of one client against debits of another when checking total client liabilities because it fails to show up the shortage.
AR.32.N.11	Electronic copies of account statements and records may be utilised as an alternative to hard copy statements.
AR.32.N.12	AR.32(9)(d) (retention of client's instructions to withhold money from a client account) does not require records to be kept centrally. However this may be prudent, in case the file is passed to the client and the instructions are then lost.
AR.32.N.13	A member who holds client money (or controlled trust money) in a currency other than sterling should hold that money in a separate account for the appropriate currency. Separate books of account should be kept for that currency.

Ref.	Accounts Rule 33
AR.33	Accounting records for clients' own accounts
AR.33.1	When a member operates a client's own account as signatory under AR.11, a member must retain, for at least 11 years from the date of the last entry, the statements as printed and issued by the bank, and/or the duplicate statements or electronic copies of statements and entries, and cheque details permitted in lieu of the originals by AR.11(3) or (4); and any central register kept under AR.33 (2) below.
AR.33.2	A member must either keep these records together centrally, or maintain a central register of the accounts operated under AR.11.
AR.33.3	If, when a member ceases to operate the account, the client requests the original statements, the member must take photocopies and keep them in lieu of the originals.
AR.33.4	This Rule applies only to members in private practice.

Ref.	Accounts Rule 33 – Notes
AR.33.N	Notes
AR.33.N.1	Members should note the requirements of AR.32(8) (central record of bills, etc.)

PART E – MONITORING AND INVESTIGATION BY THE LAW SOCIETY

Ref.	Accounts Rule 34
AR.34	Production of records
AR.34.1	Any member must at the time and place fixed by the Law Society produce to any person appointed by the Law Society any records, papers, client and controlled trust matter files, financial accounts and other documents and any other information, necessary to enable preparation of a report in accordance with the Rules. (See also Code of Conduct R.12.3.)
AR.34.2	A requirement for production under AR.34 (1) above must be in writing and left at or sent by registered post or recorded delivery to the most recent address held by the Law Society, or delivered by the Law Society's appointee. If sent through the post, receipt will be deemed 48 hours (excluding Saturdays, Sundays and Bank Holidays) after posting.
AR.34.3	Material kept electronically must be produced in the form required by the Law Society's appointee.
AR.34.4	The Law Society's appointee is entitled to seek verification from clients and staff, and from the banks and other financial institutions used by a member. The member and his or her employees must, if necessary, provide written permission for the information to be given.
AR.34.5	The Law Society's appointee is not entitled to take original documents away but must be provided with photocopies on request.
AR.34.6	A member must be prepared to explain and justify any departures from the guidelines for accounting procedures and systems published by the Law Society (see AR.29).
AR.34.7	Any report made by the Society's appointee may, if appropriate, be sent to the Attorney General and/or used in disciplinary proceedings. The report may also be sent to the accountancy body set out in AR.37(1) and/or taken into account by the Law Society in relation to a possible disqualification of a certifying accountant under AR.37(3).

Ref.	Accounts Rule 34 - Notes
AR.34.N	Notes
AR.34.N.1	"Member" in AR.34 (as elsewhere in the Rules) includes any person to whom the Rules apply – see AR.2(2)(b), AR.4 and AR.4.N.2.
AR.34.N.2	The Society's monitoring and investigation powers are exercised by the Society, and by such person or persons as may be appointed by the Society for the purposes of exercising these powers.

AR.34.N.3	<p>Reasons are never given for a visit for the purpose of exercising the Society's monitoring and investigation powers, so as:</p> <ul style="list-style-type: none"> (a) to safeguard the Society's sources of information; and (b) not to alert a defaulting principal or employee to conceal or compound his or her theft.
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PART F – ACCOUNTANT’S CERTIFICATES

Ref.	Accounts Rule 35
AR.35	Delivery of accountant’s certificates
AR.35.1	A member or a recognised LLP who or which has, at any time during an accounting period, held or received client money or controlled trust money, or operated a client’s own account as signatory, must deliver to the Society an accountant’s certificate for that accounting period within six months of the end of the accounting period.
AR.35.2	A recognised LLP which has not, at any time during an accounting period, held or received client money or controlled trust money, or operated a client’s own account as signatory, must deliver to the Society a declaration to that effect within 6 months of the end of the accounting period. The declaration must be signed by one of its members.

Ref.	Accounts Rule 35 - Notes
AR.35.N	Notes
AR.35.N.1	Bye-Law 37 of The Law Society of Jersey Bye-Laws 2007 (or as amended) requires every member to deliver an accountant’s certificate within six months of the close of the firm’s annual accounting period. This provision is applied to recognised LLPs under the Bye-Laws.
AR.35.N.2	A member who practises only in one or more of the ways set out in AR.5, or who does not hold client money (as defined in AR.13) is exempt from the Rules, and therefore does not have to deliver an accountant’s certificate.
AR.35.N.3	The form of certificate is dealt with in AR.47.
AR.35.N.4	When client money is held or received by a firm, the principals in the firm (including those held out as principals) will have held or received client money.
AR.35.N.5	Assistants and consultants do not normally hold client money. An assistant or consultant might be a signatory for a firm’s client account, but this does not constitute holding or receiving client money. If a client or third party hands cash to an assistant or consultant, it is the sole principal or the partners (rather than the assistant or consultant) who are regarded as having received and held the money. In the case of a recognised LLP, it would be the recognised LLP itself which would be regarded as having held or received the money.
AR.35.N.6	If, exceptionally, an assistant or consultant has a client account (for example, as a controlled trustee), or operates a client’s own account as signatory, the assistant or consultant will have to deliver an accountant’s certificate. The assistant or consultant can be included in the certificate of the firm, but must ensure that his or her name is added and an explanation given.

AR.35.N.7	A member to whom a cheque or draft is made out, and who in the course of practice endorses it over to a client or employer, has received (and paid) client money. That member will have to deliver an accountant's certificate, even if no other client money has been held or received.
AR.35.N.8	When only a small number of transactions are undertaken or a small volume of client money is handled in an accounting period, a waiver of the obligation to deliver a certificate may sometimes be granted. Applications should be made to the Society.
AR.35.N.9	If a member's firm owns all the shares in a recognised LLP which is an executor, trustee or nominee company, the firm and the recognised LLP may deliver a single accountant's certificate (see AR.31(1)(b)).

Ref.	Accounts Rule 36
AR.36	Accounting periods
AR.36.1	<p><i>The norm</i></p> <p>An "accounting period" means the period for which the accounts of a member are ordinarily made up, except that it must:</p> <ul style="list-style-type: none"> (a) begin at the end of the previous accounting period; and (b) cover twelve months. <p>AR.36 (2) to (5) below sets out exceptions.</p>
AR.36.2	For a member who is under a duty to deliver his or her first certificate, the accounting period must begin on the date when the member first held or received client money or controlled trust money (or operated a client's own account as signatory), and may cover less than twelve months.
AR.36.3	For a member who is under a duty to deliver his or her first certificate after a break, the accounting period must begin on the date when the member for the first time after the break held or received client money or controlled trust money (or operated a client's own account as signatory), and may cover less than twelve months.
AR.36.4	<p><i>Change of accounting period</i></p> <p>If a firm changes the period for which its accounts are made up (for example, on a merger, or simply for convenience), the accounting period immediately preceding the change may be shorter than twelve months, or longer than twelve months up to a maximum of 18 months. The first accounting period for a practice may be up to a maximum of eighteen months depending on the date of establishment and financial year end.</p>

AR.36.5	<p><i>Final certificates</i></p> <p>A member who for any reason stops holding or receiving client money or controlled trust money (and operating any client's own account as signatory) must deliver a final certificate. The accounting period must end on the date upon which the member stopped holding or receiving client money or controlled trust money (and operating any client's own account as signatory) and may cover less than twelve months.</p>
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Ref.	Accounts Rule 36 - Notes
AR.36.N	Notes
AR.36.N.1	In the case of members joining or leaving a continuing partnership, any accountant's certificate for the firm as a whole will show the names and dates of the principals joining or leaving. For a member who did not previously hold or receive client money, etc., and has become a principal in the firm, the certificate for the firm will represent, from the date of joining, the member's first certificate for the purpose of AR.36(2). For a member who was a principal in the firm and, on leaving, stops holding or receiving client money, etc., the certificate for the firm will represent up to the date of leaving, the member's final certificate for the purpose of AR.36(5) above.
AR.36.N.2	When a partnership splits up, it is usually appropriate for the books to be made up as at the date of dissolution and for an accountant's certificate to be delivered within 6 months of that date. If, however, the old partnership continues to hold or receive client money, etc., in connection with outstanding matters, accountant's certificates will continue to be required for those matters. The books should then be made up on completion of the last of those matters and a certificate delivered within 6 months of that date. The same would be true for a sole practitioner winding up matters on retirement.
AR.36.N.3	When a firm is being wound up, the member may be left with money which is unattributable, or belongs to a client who cannot be traced. It may be appropriate to apply to the Society for authority to withdraw this money from the member's client account, providing details of the amounts and circumstances.

Ref.	Accounts Rule 37
AR.37	Qualifications for completing a certificate
AR.37.1	A certificate must be prepared and signed by an accountant who is a full member of the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants in Scotland (ICAS), the Institute of Chartered Accountants in Ireland (ICAI) or the Association of Chartered Certified Accountants (ACCA).

AR.37.2	<p>An accountant is not qualified to complete a certificate if:</p> <p>(a) at any time between the beginning of the accounting period to which the certificate relates, and the completion of the certificate:</p> <p>(i) he or she was a partner, employee, consultant or officer in the firm to which the certificate relates; or</p> <p>(i) he or she was employed by the same non-member employer as the member for whom the certificate is being made; or</p> <p>(b) he or she has been disqualified under AR.37(3) below and notice of disqualification has been given under AR.37(4) (and has not subsequently been withdrawn).</p>
AR.37.3	<p>The Law Society may disqualify an accountant from completing any accountant's certificate if:</p> <p>(a) the accountant has been found guilty by his or her professional body of professional misconduct or discreditable conduct; or</p> <p>(b) the Society is satisfied that a member has not complied with the Rules in respect of the matters which the accountant has negligently failed to specify in a certificate.</p> <p>In coming to a decision, the Law Society will take into account any representations made by the accountant or his or her professional body.</p>
AR.37.4	<p>Written notice of disqualification must be left at or sent by registered post or recorded delivery to the address of the accountant shown on an accountant's certificate or in the records of the accountant's professional body. If sent through the post, receipt will be deemed 48 hours (excluding Saturdays, Sundays and Bank Holidays) after posting.</p>
AR.37.5	<p>An accountant's disqualification may be notified to any member likely to be affected.</p>

Ref.	Accounts Rule 37 - Notes
AR.37.N	Notes
AR.37.N.1	<p>It is not a breach of the Rules for a member to retain an outside accountant to write up the books of account and to instruct the same accountant to prepare the accountant's certificate. However, the accountant will have to disclose these circumstances in the certificate – see the form of certificate in Appendix 3.</p>

Ref.	Accounts Rule 38
AR.38	Certifying accountant's rights and duties - letter of engagement
AR.38.1	<p>A member must ensure that the certifying accountant's rights and duties are stated in a letter of engagement incorporating the following terms:</p> <p>"In accordance with AR.38 of the Accounts Rules you are instructed as follows:</p> <ul style="list-style-type: none"> (i) that you may, and are encouraged to, report directly to The Law Society of Jersey without prior reference to me/this firm/this company should you, during the course of carrying out work in preparation of the accountant's certificate, discover evidence of theft or fraud affecting client money, controlled trust money, or money in a client's own account operated by a member (or a recognised LLP) as signatory, or information which is likely to be of material significance in determining whether any member (or a recognised LLP) is a fit and proper person to hold client money or controlled trust money, or to operate a client's own account as signatory; (ii) to report directly to The Law Society of Jersey should your appointment be terminated following the issue of, or indication of intention to issue, a qualified accountant's certificate, or following the raising of concerns prior to the preparation of an accountant's certificate; (iii) to retain for at least three years from the date of signature a copy of the completed checklist required by AR.46 of the Accounts Rules; (iv) to retain these terms of engagement for at least three years after the termination of the engagement and to produce them to The Law Society of Jersey on request; and (v) following any direct report made to The Law Society of Jersey under (i) or (ii) above, to provide to The Law Society of Jersey on request any further relevant information in your possession or in the possession of your firm. <p>"To the extent necessary to enable you to comply with (i) to (v) above, I/we waive my/the firm's/the company's right of confidentiality. This waiver extends to any report made, document produced or information disclosed to The Law Society of Jersey by you in good faith pursuant to these instructions even though it may subsequently transpire that you were mistaken in your belief that there was cause for concern."</p>
AR.38.2	<p>The letter of engagement and a copy must be signed by the member and by the accountant. The member must keep the copy of the signed letter of engagement for at least three years after the termination of the engagement and produce it to the Society on request.</p>

Ref.	Accounts Rule 38 – Notes
AR.38.N	Notes
AR.38.N.1	Any direct report by the accountant to the Society under AR.38(1)(i) or (ii) should be made to the Law Society.
AR.38.N.2	AR.38(1) envisages that the specified terms are incorporated in a letter from the member to the accountant. Instead, the specified terms may be included in a letter from the accountant to the member setting out the terms of engagement. If so the text must be adapted appropriately. The letter must be signed by both parties – the member will keep the original, and the accountant the copy.

Ref.	Accounts Rule 39
AR.39	Change of accountant
AR.39.1	On instructing an accountancy practice to replace that previously instructed to produce accountant's certificates, a member must immediately notify the Law Society of the change and provide the name and business address of the new accountancy practice.

Ref.	Accounts Rule 40
AR.40	Place of examination
AR.40.1	Unless there are exceptional circumstances, the place of examination of a member's accounting records, files and other relevant documents must be the member's office and not the office of the accountant. This does not prevent an initial electronic transmission of data to the accountant for examination at the accountant's office with a view to reducing the time which needs to be spent at the member's office.

Ref.	Accounts Rule 41
AR.41	Provision of details of bank accounts etc.
AR.41.1	The accountant must request, and a member must provide, details of all accounts kept or operated by the member in connection with the member's firm at any bank or other financial institution at any time during the accounting period to which the certificate relates. This includes client accounts, office accounts, accounts which are not client accounts but which contain client money or controlled trust money and clients' own accounts operated by the member as signatory.

Ref.	Accounts Rule 42
AR.42	Test procedures
AR.42.1	<p>The accountant must examine the accounting records (including statements), client and controlled trust matter files selected by the accountant as and when appropriate, and other relevant documents of the member, and make the following checks and tests. The accountant may use appropriate sampling and testing methods based on their professional judgement:</p> <ul style="list-style-type: none"> (a) confirm that the accounting system in every office of the member complies with: <ul style="list-style-type: none"> (i) AR.32 – accounting records for client accounts, etc.; (ii) AR.33 – accounting records for clients’ own accounts; and is so designed that: <ul style="list-style-type: none"> (A) an appropriate client ledger account is kept for each client (or other person for whom client money is received, held or paid) and each controlled trust; (B) the client ledger accounts show separately from other information details of all client money and controlled trust money received, held or paid on account of each client (or other person for whom client money is received, held or paid) and each controlled trust; and (C) transactions relating to client money, controlled trust money and any other money dealt with through a client account are recorded in the accounting records in a way which distinguishes them from transactions relating to any other money received, held or paid by the member; (b) make test checks of postings to the client ledger accounts from records of receipts and payments of client money and controlled trust money, and make test checks of the casts of these accounts and records; (c) compare a sample of payments into and from the client accounts as shown in bank statements with the member’s records or receipts and payments of client money and controlled trust money; (d) test check the system of recording costs and of making transfers in respect of costs from the client accounts; (e) make a test examination of a selection of documents requested from the member in order to confirm: <ul style="list-style-type: none"> (i) that the financial transactions (including those giving rise to transfer from one client ledger account to another) evidenced by such documents comply with Parts A and B of the Rules, AR.30 (restrictions on transfers between clients) and AR.31 (LLPs); and (ii) that the entries in the accounting records reflect those transactions in a manner complying with AR.32; (f) subject to AR.42 (2), extract (or check extractions of) balances on the client ledger accounts during the accounting period under review at not fewer than two dates selected by the accountant (one of which may be the last day of the accounting period), and at each date: <ul style="list-style-type: none"> (i) compare the total shown by the client ledger accounts of the liabilities to the clients (or other persons for whom client money is held) and controlled trusts with the cash account balance; and (ii) reconcile that cash account balance with the balances held in the client accounts, and accounts which are not client accounts but in which client money or controlled trust money is held, as confirmed direct to the accountant by the relevant banks, building societies and other financial institutions; (g) confirm that reconciliation statements have been made and kept in accordance with AR.32(7) and AR.32(9)(a);

	<ul style="list-style-type: none"> (h) make a test examination of the client ledger accounts to see whether payments from the client account have been made on any individual account in excess of money held on behalf of that client (or other person for whom client money is held) or controlled trust; (i) check the office ledgers, office cash accounts and the statements provided by the bank or other financial institution for any office account maintained by the member in connection with the firm, to see whether any client money or controlled trust money has been improperly paid into an office account or, if properly paid into an office account under AR.19(1)(b) or AR.21(1), has been kept there in breach of the Rules; (j) check the accounting records kept under AR.32(9)(d) and AR.32(11) for client money held outside a client account to ascertain what transactions have been effected in respect of this money and to confirm that the client has given appropriate instructions under AR.16(1)(a); (k) make a test examination of the client ledger accounts to see whether AR.32(6) (accounting records when acting for both lender and borrower) has been complied with; (l) for liquidators, check that records are being kept in accordance with AR.32(8), (9)(c) and (12), and cross-check transactions with client or controlled trust matter files when appropriate; (m) check that statements and/or duplicate statements are being kept in accordance with AR.32(9)(b)(ii) and (13) (record-keeping requirements for joint accounts), and cross-check transactions with client matter files when appropriate; (n) check that statements and/or duplicate statements, and cheque details are being kept in accordance with AR.33 (record-keeping requirements for clients' own accounts), and cross-check transactions with client matter files when appropriate; (o) check that interest earned on separate designated client accounts, and in accounts opened on clients' instructions under Rule 16(1)(a), is credited in accordance with AR.24(1) and AR.24(6)(a), and AR.24.N.1; (p) make a test examination of general client accounts to see whether where applicable the member has accounted to his client for sums in lieu of interest calculated in accordance with AR.25; and (q) ask for any information and explanations required as a result of making the above checks and tests.
AR.42.2	<p><i>Extracting balances</i></p> <p>For the purposes of AR.42 (1)(f) above, if a member uses a computerised or mechanised system of accounting which automatically produces an extraction of all client ledger balances, the accountant need not check all client ledger balances extracted on the list produced by the computer or machine against the individual records of client ledger accounts, provided the accountant;</p> <ul style="list-style-type: none"> (a) confirms that a satisfactory system of control is in operation and the accounting records are in balance; and (b) carries out a test check of the extraction against the individual records.

Ref.	Accounts Rule 42 - Notes
AR.42.N	Notes
AR.42.N.1	The Rules do not require a complete audit of the member's accounts nor do they require the preparation of a profit and loss account or balance sheet.
AR.42.N.2	In making the comparisons under AR.42(1)(f), some accountants improperly use credits of one client against debits of another when checking total client liabilities, thus failing to disclose a shortage. A debit balance on a client account when no funds are held for that client results in a shortage which must be disclosed as a result of the comparison.
AR.42.N.3	The main purpose of confirming balances direct with banks, etc., under AR.42(1)(f)(ii) is to ensure that the member's records accurately reflect the sums held at the bank. The accountant is not expected to conduct an active search for undisclosed accounts.

Ref.	Accounts Rule 43
AR.43	Departures from guidelines for accounting procedures and systems
AR.43.1	The accountant should be aware of the Law Society's guidelines for accounting procedures and systems (see AR.29), and must note in the accountant's certificate any substantial departures from the guidelines discovered whilst carrying out work in preparation of the certificate. (See also AR.44(d).)

Ref.	Accounts Rule 44
AR.44	Matters outside the accountant's remit
AR.44.1	<p>The accountant is not required:</p> <ul style="list-style-type: none"> (a) to extend his or her enquiries beyond the information contained in the documents produced, supplemented by any information and explanations given by the member; (b) to enquire into the stocks, shares, other securities or documents of title held by the member on behalf of the member's clients; (c) to consider whether the accounting records of the member have been properly written up at any time other than the time at which his or her examination of the accounting records takes place; or (d) to make a detailed check on compliance with the guidelines for accounting procedures and systems (see AR.29 and AR.43).

Ref.	Accounts Rule 45
AR.45	Privileged Documents
AR.45.1	A member, acting on a client's instructions, always has the right on the grounds of privilege as between member and client to decline to produce any document requested by the accountant for the purposes of his or her examination. In these circumstances, the accountant must qualify the certificate and set out the circumstances.

Ref.	Accounts Rule 46
AR.46	Completion of checklist
AR.46.1	The accountant should exercise his or her professional judgment in adopting a suitable "audit" programme, but must also complete a checklist in the form published from time to time by the Society.

Ref.	Accounts Rule 46 - Notes
AR.46.N	Notes
AR.46.N.1	The current checklist appears at Appendix 2. It is issued by the Law Society to members at the appropriate time for completion by their certifying accountants.
AR.46.N.2	The letter of engagement required by AR.38 imposes a duty on the accountant to keep a copy for 3 years.

Ref.	Accounts Rule 47
AR.47	Form of accountant's certificate
AR.47.1	The accountant must complete and sign his or her certificate in the form published from time to time by the Society.

Ref.	Accounts Rule 47 - Notes
AR.47.N	Notes
AR.47.N.1	The current form of accountant's certificate appears at Appendix 3.
AR.47.N.2	The form of certificate is prepared and issued by the Society to members at the appropriate time for completion by their certifying accountants. Separate certificates can be delivered for each principal in a partnership but most firms deliver one certificate in the name of all the principals.

AR.47.N.3	A recognised LLP will deliver only one certificate, on behalf of the partnership and its partners, or on behalf of the limited liability partnership and its partners, see AR.35(1).
AR.47.N.4	Although it may be agreed that the accountant send the certificate direct to the Law Society, the responsibility for delivery is that of the member. The form of certificate requires the accountant to confirm that either a copy of the certificate has been sent to each of the members to whom the certificate relates, or a copy of the certificate has been sent to a named partner on behalf of all the partners in the firm. A similar confirmation is required in respect of a recognised LLP.
AR.47.N.5	A certifying accountant is not required to report on breaches that are not material, provided that they have been rectified on discovery and the accountant is satisfied that no client suffered any loss as a result.
AR.47.N.6	In many firms, clerical and book-keeping errors will arise. In the majority of cases these may be classified by the certifying accountant as breaches which are not material. A breach of the Rules is material if its omission from an accountant's certificate would reasonably influence the decisions of the Law Society. The amount involved, the nature of the breach, whether the breach is deliberate or accidental, how often the same breach has occurred, and the time outstanding before correction (especially the replacement of any shortage) are all factors which may be relevant in determining whether a breach is material or not.
AR.47.N.7	The Law Society may receive certificates which are qualified only by reference to breaches which are not material, but which show a significant difference between liabilities to clients and client money held in client and other accounts. An explanation for this difference, from either the accountant or the member, must be given.
AR.47.N.8	Accountants' certificates should be sent to the Law Society.
AR.47.N.9	For direct reporting by the accountant to the Law Society in cases of concern, see AR.38 and AR.38.N.1.

Ref.	Accounts Rule 48
AR.48	Firms with two or more places of business
AR.48.1	<p>If a firm has two or more offices:</p> <ul style="list-style-type: none"> a) separate certificates may be delivered in respect of the different offices; and b) separate accounting periods may be adopted for different offices, provided that: <ul style="list-style-type: none"> (i) separate certificates are delivered; (ii) every office is covered by a certificate delivered within six months of the end of its accounting period; and (iii) there are no gaps between the accounting periods covered by successive certificates for any particular office or offices.

Ref.	Accounts Rule 49
AR.49	Waivers
AR.49.1	The Law Society may waive in writing in any particular case or cases any of the provisions of Part F of the Rules, and may revoke any waiver.

Ref.	Accounts Rule 49 - Notes
AR.49.N	Notes
AR.49.N.1	Applications for waivers should be made to the Law Society. In appropriate cases, members may be granted a waiver of the obligation to deliver an accountant's certificate (see AR.35, and AR.35.N.7). The circumstances in which a waiver of any other provision of Part F would be given must be extremely rare.

PART G – MEMBERS’ REPORTS

Ref.	Accounts Rule 50
AR.50	Members’ Reports
AR.50.1	<p>A member or a recognised LLP who or which has, at any time during an accounting period, held or received client money or controlled trust money, or operated a client’s own account as signatory, must deliver to the Society:</p> <p>(a) a member’s annual report stating:</p> <ul style="list-style-type: none"> (i) the total amount of client monies held at the end of the accounting period, the level of their insurance cover, and that of the accountant reporting on the accounting period pursuant to Part F of the Rules; (ii) whether the total amount of client monies held at the end of the accounting period is unusually high or low compared with the total amounts of client monies usually held during the accounting period, and, if so, what the accounting records show to be the approximate amount of total client monies usually held during the period; <p>(b) a member’s special report on their discovery of any breaches of regulations involving:</p> <ul style="list-style-type: none"> (i) material loss to a client, or to clients, or to the firm; or (ii) dishonesty or suspected dishonesty.
AR.50.2	A member’s annual report pursuant to AR.50(1)(a) must be delivered within six months of the end of the accounting period.
AR.50.3	A member’s special report pursuant to AR.50(1)(b) must be delivered as soon as practical after the discovery giving rise to it, and in any case, within three working days of that discovery.
AR.50.4	In delivering reports to the Society members must also provide such other information as is, or may be, material in enabling the Society to reach a decision on whether, and if so, to what extent, the Society should exercise its powers under AR.34.

PART H – COMMENCEMENT

Ref.	Accounts Rule 51
AR.51	Commencement
AR.51.1	The Rules commence for firms on the first day of the financial year for that firm following agreement of the Law Society in General Meeting to the implementation of these Rules.
AR.51.2	Until a firm implements the Rules, it must continue to operate in accordance with Rule 17 of (the previous version of) The Law Society of Jersey Code of Conduct.
AR.51.3	Part F of the Rules (accountants' certificates) will apply to: <ul style="list-style-type: none"> (a) certificates covering any period of time after [insert date]; and also (b) certificates covering any earlier period of time for which a firm has opted to operate the Rules.
AR.51.4	<p>If a firm operated Rule 17 of the Code of Conduct for part of an accounting period, and the Rules for the rest of the accounting period, the firm may, in respect of that accounting period ("the transitional accounting period") either:</p> <ul style="list-style-type: none"> (a) deliver a single accountant's certificate covering the whole of the transitional accounting period, made partly under Rule 17 of the Code of Conduct and partly under Part F of the Rules, as appropriate; or (b) deliver a separate accountant's certificate for each part of the transitional accounting period, one under Rule 17 of the Code of Conduct and the other under Part F of the Rules; or (c) deliver a certificate under Rule 17 of the Code of Conduct to cover that part of the transitional accounting period during which the firm operated under those Rules; and subsequently a certificate under Part F of the Rules to cover the remaining part of the transitional accounting period plus the whole of the next accounting period; or (d) deliver a certificate under Rule 17 of the Code of Conduct to cover the last complete accounting period during which the firm operated under that Rule plus that part of the transitional accounting period during which the firm continued to operate that Rule and subsequently a certificate under Part F of the Rules to cover the remaining part of the transitional accounting period.

APPENDIX 1 – THE LAW SOCIETY OF JERSEY GUIDELINES

Ref.	ACCOUNTING PROCEDURES AND SYSTEMS
A.1	
A.1.1	<p><i>Introduction</i></p> <p>These guidelines, published under AR.29 are intended to be a broad statement of good practice requirements which should be present in an effective regime for the proper control of client money and controlled trust money. They should be seen as a benchmark and should be of real assistance to firms in establishing or reviewing appropriate procedures and systems. They do not override, or detract from the need to comply fully with, the Rules.</p>
A.1.2	These guidelines apply equally to client money and to controlled trust money.
A.1.3	References to partners or firms in the guidelines are intended to include sole practitioners, recognised LLPs and their partners.
A.1.4	<p><i>General</i></p> <p>Compliance with the Rules is the equal responsibility of all partners in a firm. They should establish policies and systems to ensure that the firm complies fully with the Rules. Responsibility for day-to-day supervision may be delegated to one or more partners to enable effective control to be exercised. Delegation of total responsibility to a cashier or book-keeper is not acceptable.</p>
A.1.5	The firm is expected to hold a copy of the current version of the Accounts Rules. The person who maintains the books of accounts must have a full knowledge of the requirements of the Rules and the accounting requirements of members' firms.
A.1.6	Proper books of account should be maintained on the double-entry Principle. They should be legible, up to date and contain narratives with the entries which identify and/or provide adequate information about the transaction. Entries should be made in chronological order and the current balance should be shown on client ledger accounts, or be readily ascertainable, in accordance with AR.32(5).
A.1.7	Ledger accounts for clients, other persons or controlled trusts should include the name of the client or other person or controlled trust and contain a heading which provides a description of the matter or transaction.
A.1.8	The systems and procedures for the control of client money and controlled trust money including reconciliations (see A.1.27) should cover separate designated client accounts.
A.1.9	Although firms may choose to use manual systems for recording client money and controlled trust money to comply with these guidelines, it is likely that a computerised system, with suitable support procedures, will usually provide a more efficient means of producing the accounts and associated control information.

A.1.10	<p>If a firm decides to introduce a computer system to comply with these Rules, care must be taken to ensure that:</p> <p>(a) balances transferred from the old books of accounts are reconciled with the opening balances held on the new system before day-to-day operation commences;</p> <p>(b) the new system operates correctly before the old system is abandoned. This may require a period of parallel running of the old and new systems and the satisfactory reconciliation of the two sets of records before the old system ceases.</p>
A.1.11	<p>The firm should ensure that office account entries in relation to each client or controlled trust matter are maintained up to date as well as the client account entries. Credit balances on office account in respect of client or controlled trust matters should be fully investigated.</p>
A.1.12	<p>The firm should operate a system to identify promptly situations which may require the payment of deposit to clients.</p>
A.1.13	<p><i>Receipt of client money and controlled trust money</i></p> <p>The firm should have procedures to identify client money and controlled trust money, including cash, when received in the firm and to record promptly the receipt of the money either in the books of account or a register for later posting to the client cash book and ledger accounts. The procedures should cover money received through the post, electronically or direct by fee earners or other personnel and the safekeeping of money prior to payment to the bank.</p>
A.1.14	<p>The firm should have a system which ensures that client money and controlled trust money is paid promptly into a client account.</p>
A.1.15	<p>The firm should have a system to identify money which should not be in client account and to transfer it without delay to office account.</p>
A.1.16	<p>The firm should have a policy and operate a system for dealing with money which is a mixture of office money and client money (or controlled trust money), in compliance with AR.19 to AR.21.</p>
A.1.17	<p><i>Payments from client account</i></p> <p>The firm should have clear procedures to ensure that all withdrawals from client accounts are properly authorised by suitable persons, consistent with AR.23(1). Those persons should be named and authorised for the following purposes:</p> <p>(a) authorisation of internal payment vouchers;</p> <p>(b) signing client account cheques;</p> <p>(c) authorising telegraphic or electronic transfers.</p>
A.1.18	<p>No other personnel should be allowed to authorise or sign the documents.</p>

A.1.19	Persons nominated for the purpose of authorising internal payment vouchers are expected to ensure, for each payment, there is supporting evidence showing clearly the reason for the payment and that it falls within AR.22 and the date of the payment. Similarly, persons signing cheques and authorising transfers are expected to ensure there is a suitable voucher or other supporting evidence to support the payment.
A.1.20	The firm is expected to have a system for checking the balances on client ledger accounts to ensure no debit balances occur. Where payments are to be made other than out of cleared funds, clear policies and procedures must be in place to ensure that adequate risk assessment is applied.
A.1.21	If incoming payments are ultimately dishonoured, a debit balance will arise, in breach of the Rules and full replacement of the shortfall will be required under AR.7. See also AR.22.N.5 and AR.22.N.6.
A.1.22	The firm is expected to establish systems to transfer costs from client account to office account in accordance with AR.19(2) and AR.19(3). Normally transfers should be made only on the basis of rendering a bill or written notification to the client. The payment from the client account should be by way of a cheque or transfer in favour of the firm or sole principal – see AR.23(3).
A.1.23	The firm is expected to establish policies and operate systems to control and record accurately any transfers between clients of the firm. Where these arise as a result of loans between clients, the written authority of both the lender and borrower must be obtained in accordance with AR.30(2).
A.1.24	<i>Overall control of client accounts</i> The firm must maintain control of all its bank accounts opened for the purpose of holding client money and controlled trust money. In the case of a joint account, a suitable degree of control should be exercised.
A.1.25	Central records or central registers must be kept in respect of: (a) accounts held for client money, or controlled trust money, which are not client accounts (AR.16(1)(a), AR.18(c) and AR.32(11)); (b) practice as a liquidator (AR.9 and AR.32(12)); (c) joint accounts (AR.10 and AR.32(13)); (d) dividend payments received by a recognised LLP as nominee (AR.31(2) and AR.32(14)); and (e) clients' own accounts (Rules AR.11, AR.16(1)(b) and AR.33(2)).
A.1.26	In addition, there must be a master list (which shows the current status of each account e.g. currently in operation or closed with a date of closure) of all: (a) general client accounts; (b) separate designated client accounts; (c) accounts held in respect of A.1.25; and (d) office accounts.

A.1.27	<p>The firm is expected to operate a system to ensure accurate reconciliations of the client accounts, whether comprising client and/or controlled trust money, are carried out at least every 5 weeks. In particular it should ensure that:</p> <ul style="list-style-type: none"> (a) a full list of client ledger balances is produced. Any debit balances should be listed, fully investigated and rectified immediately. The total of any debit balances cannot be “netted off” against the total of credit balances; (b) a full list of unpresented cheques is produced; (c) a list of outstanding lodgements is produced; (d) formal statements are produced reconciling the client account cash book balances, aggregate client ledger balances and the client bank accounts. All unresolved differences must be investigated and appropriate corrective action taken immediately; (e) the reconciliation statement and any corrective action is checked by a partner carefully who ensures that enquiries are made into any unusual or apparently unsatisfactory items or still unresolved matters. Where possible, this duty is rotated between partners. <p>Partners may alternatively ensure that appropriate systems and qualified personnel are in place to manage this function. Responsibility for reconciliations may be delegated to appointed personnel provided such delegation is documented.</p>
A.1.28	<p>Where a computerised system is used, the firm should have clear policies, systems and procedures to control access to client accounts by determining the personnel who should have “write to” and “read only” access. Passwords should be held confidentially by designated personnel and changed regularly to maintain security. Access to the system should not unreasonably be restricted to a single person nor should more people than necessary be given access.</p>
A.1.29	<p>The firm should establish policies and systems for the retention of the accounting records to ensure:</p> <ul style="list-style-type: none"> (a) books of account, reconciliations, bills, bank statements are kept for at least eleven years; (b) authorities for the withdrawal of money from a client account (other than paid cheques*) are kept for at least two years; (c) other vouchers and internal expenditure authorisation documents relating directly to entries in the client account books are kept for at least 2 years. <p>(* paid cheques need not be retained but copies (including electronic copies) should be accessible in the event of query or dispute for at least 2 years.)</p>
A.1.30	<p>As part of the firm’s business continuity arrangements under R.7 of the Code of Conduct, the firm is expected to maintain copies of accounting records off-site as a precaution against fire or other destruction of records.</p>
A.1.31	<p>The firm should ensure that unused client account cheques are stored securely to prevent unauthorised access. Blank cheques must not be pre-signed. Any cancelled cheques should be retained.</p>
A.1.32	<p>The firm should ensure that unused client account cheques are stored securely to prevent unauthorised access. Blank cheques must not be pre-signed. Any cancelled cheques should be retained.</p>

A.1.33	The firm should periodically review large amounts of client monies held for long periods, and the purposes for which they are held and inform such clients of the balances held for them and where appropriate, arrange for the monies to be paid promptly to the client.
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APPENDIX 2 – CERTIFYING ACCOUNTANT’S CHECKLIST

The following items have been tested to satisfy the examination requirements under AR.41 – AR.43 with the results as indicated. Where the position has been found to be unsatisfactory as a result of these tests, further details have been reported in section 6 of this checklist or certified by separate appendix.

Note: For all procedures in Appendix 2 the reporting accountant should use professional judgement and available industry guidance to develop appropriate sampling and testing techniques.

For all client money and controlled trust money	Satisfactory Tick the appropriate column)			If “no” should breaches be noted in the accountant’s certificate		Cross reference to audit file documentation or comments
(a) Book-keeping system for every office:	Yes	No	N/A	Yes	No	
(i) The accounting records satisfactorily distinguish client money and controlled trust money from all other money dealt with by the firm.						
(ii) A separate ledger account is maintained for each client and controlled trust (excepting section (1) below) and the particulars of client money and controlled trust money received, held or paid on account of each client and controlled trust, including funds held on separate designated deposits, or elsewhere, are recorded.						
(iii) The client ledgers for clients and controlled trusts show a current balance at all times, or the current balance is readily ascertainable.						
(iv) A record of bills of costs and written notifications has been maintained, which distinguishes profit costs from disbursements, either in the form of a central record or a file of copies of such bills.						
(b) Postings to ledger account and casts:	Yes	No	N/A	Yes	No	
(i) Postings to ledger accounts for clients and controlled trusts from records of receipts and payments are correct.						
(ii) Casts of ledger accounts for clients and controlled trusts and receipts and payments records are correct.						
(iii) Postings have been recorded in chronological sequence with the date being that of the initiation of the transactions.						

(c) Receipts and payments of client money and controlled trust money:	Yes	No	N/A	Yes	No	
(i) Sample receipts and payments of client money and controlled trust money as shown in bank statements have been compared with the member's records of receipts and payments of client money and controlled trust money, and are correct.						
(d) System of recording costs and making transfers:	Yes	No	N/A	Yes	No	
(i) The firm's system of recording costs has been ascertained and is suitable.						
(ii) Costs have been drawn only where required for or towards payment of the firm's costs where there has been sent to the client a bill of costs or other written notification of the amount of the costs.						
(e) Examination of documents for verification of transactions and entries in accounting records:	Yes	No	N/A	Yes	No	
(i) Make a test examination of a number of client and controlled trust files.						
(ii) All client and controlled trust files requested for examination were made available.						
(iii) The financial transactions as detailed on client and controlled trust files and other documentation (including transfers from one ledger account to another) were valid and appropriately authorised in accordance with Parts A and B of the Accounts Rules.						
(iv) The financial transactions evidence by documents on the client and controlled trust files were correctly recorded in the books of account in a manner complying with Part D.						
(f) Extraction of client ledger balances for clients and controlled trusts:	Yes	No	N/A	Yes	No	
(i) The extraction of client ledger balances for clients and controlled trusts has been checked for no fewer than two separate dates in the period subject to this certificate.						
(ii) The total liabilities to clients and controlled trusts as shown by such ledger accounts has been compared to the cash account balance(s) at each of the separate dates selected in (f)(i) above and agreed.						

(iii) The cash account balance(s) at each of the dates selected has/have been reconciled to the balance(s) in client bank account and elsewhere as confirmed directly by the relevant banks.						
(g) Reconciliations:	Yes	No	N/A	Yes	No	
(i) During the accounting year under review, reconciliations have been carried out at least every 5 weeks.						
(ii) Each reconciliation is in the form of a statement set out in a logical format, which is likely to reveal any discrepancies.						
(iii) Reconciliation statements have been retained.						
(iv) On entries in an appropriate sample of reconciliation statements:						
(A) All accounts containing client money and controlled trust money have been included.						
(B) All ledger account balances for clients and controlled trusts as at the reconciliation date have been listed and totalled.						
(C) No debit balances on ledger accounts for clients and controlled trusts have been included in the total.						
(D) The cash account balance(s) for clients and controlled trusts is/are correctly calculated by the accurate and up to date recording of transactions.						
(E) The client bank account totals for clients and controlled trusts are complete and correct being calculated by the closing balance plus an accurate and complete list of outstanding lodgements less an accurate and complete list of unpresented cheques.						
(v) Each reconciliation selected under paragraph (iv) above has been achieved by the comparison and agreement <i>without adjusting or balancing entries of</i> : total of ledger balances for clients and controlled trusts; total of cash account balances for clients and controlled trusts; total of client bank accounts.						

(vi) In the event of debit balances existing on ledger accounts for clients and controlled trusts, the firm has investigated promptly and corrected the position satisfactorily.						
(vii) In the event of the reconciliations selected under paragraph (iv) above not being in agreement, the differences have been investigated and corrected promptly.						
(h) Payments of client money and controlled trust money:	Yes	No	N/A	Yes	No	
Make a test examination of the ledger accounts for clients and controlled trusts in order to ascertain whether payments have been made on any individual account in excess of money held on behalf of that client or controlled trust.						
(i) Office Accounts – client money and controlled trust money:	Yes	No	N/A	Yes	No	
(i) Check such office ledger and cash account and bank statements as the member maintains with a view to ascertaining whether any client money or controlled trust money has not been paid into a client account.						
(ii) Investigate office ledger credit balances and ensure that such balances do not include client money or controlled trust money incorrectly held in office account.						
(j) Client money and controlled trust money not held in client account:	Yes	No	N/A	Yes	No	
(i) Have sums not held on client account been identified?						
(ii) Has the reason for holding such sums outside client account been established?						
(iii) Has a written client agreement been made if appropriate?						
(iv) Are central records or a central register kept for client money held outside client account on the client's instructions?						
(k) AR.30 – inter-client transfers:	Yes	No	N/A	Yes	No	
Make test checks of inter-client transfers to ensure that Rule 30 has been complied with.						

(l) AR.32(6) – acting for borrower and lender:	Yes	No	N/A	Yes	No	
Make a test examination of the client ledger accounts in order to ascertain whether AR.32(6) has been complied with, where the firm acts for both borrower and lender in a conveyancing transaction.						
(m) AR.32(14) – recognised LLPs:	Yes	No	N/A	Yes	No	
Is a central book of dividend instruction letters kept?						
(n) Information and explanations:	Yes	No	N/A	Yes	No	
All information and explanations required have been received and satisfactorily cleared.						
2. Liquidators (AR.9)						
(a) A record of all bills of costs and written notifications has been maintained which distinguishes profit costs from disbursements, either in the form of a central record or a file of copies of such bills or notifications.						
(b) Records kept under AR.9 including any statements and other accounting records originating outside the member's office have been retained.						
(c) Records kept under AR.9 are kept together centrally, or a central register is kept of the appointments.						
3. Joint accounts (AR.10)						
(a) A record of all bills of costs and written notifications has been maintained which distinguishes profit costs from disbursement, either in the form of a central record or a file of copies of such bills or notifications.						
(b) Statements and/or duplicate statements have been retained.						
(c) Statements and duplicate statements are kept together centrally, or a central register of all joint accounts is kept.						

4. Clients' own accounts (AR.11)					
(a) Statements and/or duplicate statements and cheque details have been retained.					
(b) Statements and/or duplicate statements and cheque details are kept together centrally, or a central register of clients' own accounts is kept					
5. Law Society guidelines – accounting procedures and systems					
Discovery of substantial departures from the guidelines?					If "yes" please give details below
6. Please give further details of unsatisfactory items below. (Please attach additional schedules as required)					

APPENDIX 3 – ACCOUNTANT’S CERTIFICATE (AR.47)

Every practice (member or recognised LLP) who holds or receives client money or controlled trust money, or who operates a client’s own account as signatory, must produce annually a certificate by an accountant qualified under AR.37 of the Accounts Rules to the effect that the member has complied with Parts A and B, AR.24 of Part C and Part D of the Rules.

1. The certificate must be delivered once during each practice year.
2. When a practice ceases to hold and/or receive client money (and/or to operate any client’s own account as signatory), either on closure of the practice or for any other reason, the practice must obtain and deliver a final certificate within 6 months of ceasing to hold and/or receive client money (and/or to operate any client’s own account as signatory), whether qualified or not, unless The Law Society requires earlier delivery.
3. When a practice closes but the ceased practice continues to hold or receive client money during the process of dealing with outstanding costs and unattributable or unreturnable funds, the Rules, including the obligation to deliver Accountant’s Certificates, will continue to apply.

Section 1. Firm details

Please complete the name of the members’ firm, recognised LLP or in-house practice for which this certificate is being submitted.

Firm Name			
Certificate Period		to	

Section 2. Firm’s name(s) and address(es) covered by this certificate.

The name(s) under which the office(s) practise. All address(es) at which the member(s) or a recognised LLP practise(s) must be covered by an accountant’s certificate or certificates. Please list on a separate sheet all other offices not covered by this certificate, with reasons.

1. Address (main office)		
Postcode		
Name of firm if different from that in Section 1		

Section 3. Comparison dates

The results of the comparison required under AR.42(1)(f) of the Account Rules, at the dates selected by me/us were:

(a) at		(insert date 1)
(i)	Liabilities to clients and controlled trusts (and other persons for whom client money is held) as shown by ledger accounts for client and controlled trust matters	
(ii)	Cash held in client account, and client money and controlled trust money held in any account other than a client account, after allowances for lodgements cleared after date and for outstanding cheques	
(iii)	Difference between (i) and (ii) (if any)	
(b) at		(insert date 2)
(i)	Liabilities to clients and controlled trusts (and other persons for whom client money is held) as shown by ledger accounts for client and controlled trust matters	
(ii)	Cash held in client account, and client money and controlled trust money held in any account other than a client account, after allowances for lodgements cleared after date and for outstanding cheques	
(iii)	Difference between (i) and (ii) (if any)	

Note: The figure to be shown in 4(a)(i) and 4(b)(i) is the total of credit balances, without adjustment for debit balances (unless capable of proper set off being in respect of the same client), or for receipts and payments not capable of allocation to individual ledger accounts.

Section 4. Matters to report

(a) Please indicate in the space provided any matters (other than breaches which are not material) in respect of which it appears to you that the member(s)/recognised LLP has/have not complied with the provision of Parts A and B, AR.24 of Part C and Part D of the Account Rules (continue on an additional sheet if necessary).		

(b) Please indicate in the space provided any matters in respect of which you have been unable to satisfy yourself and the reasons for that inability, e.g. because a client's file is not available (continue on an additional sheet if necessary).				
Name				
Professional body		Firm name		
Firm Address				

Note: the certifying accountant must be qualified in accordance with AR.37 of the Accounts Rules.

Section 5. Declarations.

We confirm that we have carried out work to assess whether the firm has complied with the relevant Accounts Rules, in the period covered by this Report, namely – Parts A and B, AR.24 of Part C and Part D where applicable.

We have found material breaches of the relevant Accounts Rules (as set out above), and/or significant weaknesses in the firm's systems and controls for compliance with the relevant Accounts Rules (as set out above). If Yes, detail is provided in Section 4.

Yes	No

Independence

Please tick the "yes" or "no" box for the following items (i) to (v) to show whether, so far as you are aware, the relevant statement applies in respect of yourself of any principal, director or employee of your accountancy practice.			
Give details if appropriate			
(i) Any of the parties mentioned above is related to any member to whom this certificate relates.		Yes	No
(ii) Any of the parties mentioned above normally maintained, on a regular basis, the accounting records to which this certificate relates.		Yes	No
(iii) Any of the parties mentioned above or the firm, places substantial reliance for referral of clients on the member(s) to whom this certificate relates.		Yes	No
(iv) Any of the parties mentioned above or the firm, is a client or former client of the member(s) to whom this certificate relates.		Yes	No
(v) There are other circumstances which might affect my independence in preparing this certificate		Yes	No

**the information is intended to help The Law Society of Jersey to identify circumstances which might make it difficult to give an independent assessment. Answering “Yes” to any part of this section does not disqualify the accountant from issuing the certificate.*

**Information within the accountant’s personal knowledge should always be disclosed. Detailed investigations are not necessary but reasonable enquiries should be made of those directly involved in the work.*

I/we have completed The Law Society of Jersey checklist and retained a copy in my/our working papers.

The form should then be signed and dated. The certificate can be signed in the name of the firm of accountants of which the accountant is a partner or employee.

Date	
Signature	
Name (block capitals)	