

Accountant's Reports

An Accountant's Report is delivered to the CLC within 6 months of the end of the Accounting Period (please see Handbook's Glossary of Terms). The Reporting Accountant is certified by one of the CLC-recognised accountancy bodies (listed at 16.6 of the Accounts Code) and is not a partner, employee or officer of the entity. Should they change their identity, address, or other relevant information, you inform us. The Terms of Engagement include the wording set out (at 18 of the Code); they are signed by both parties and a copy is issued to the Accountant. You provide them with details of all relevant accounts. The Accounting Records are examined at your premises. You can decline a request to produce a document if the Client has so instructed.



Accounts Code

Quick Start Guide

Outcomes-focused

All members of the CLC-regulated community must deliver the following Outcomes:

- Clients receive an honest and lawful service (Code of Conduct Outcome 1.2)
- Client money is kept separately and safely (Code of Conduct Outcome 1.3)
- Appropriate arrangements, resources, procedures, skills and commitment are in place to ensure Clients always receive a high standard of service (Code of Conduct Outcome 2.3)
- Each Client's best interests are served (Code of Conduct Outcome 3.1).

Delivery of these Outcomes requires the following:

Client Account

You use Client's money only for that Client's matters and only pay into, and withdraw money from, the Client and Office Accounts for purposes relating to the provision of CLC-regulated services. You account to the Client, and pay Client money into the Client Account, in a timely manner. Money held in the Client Account is immediately available. Money held in a Separate Designated Account is not aggregated with other monies. Money other than Client Money can only be paid into/held in the Client Account in 3 limited circumstances (set out at 10.4 of the Code). You can withhold money from the Client Account if so instructed by the Client or the CLC.

Should you discover any misappropriation of Client Money you notify the CLC without delay.

There should be no debit balance on the Client side, nor credit balance on the Office side, of a Client Ledger Account. Round sum withdrawals on account of Costs or Disbursements are not

permitted; neither is the retention of undrawn Costs or Disbursements due to current - or in anticipation of future - shortages/errors.

You may withdraw money only when properly required: for payment to/on behalf of a Client; payment of a Disbursement on behalf of a Client; reimbursement of money already expended or incurred liability by you out of the Office Account on behalf of a Client; transferred to another Client Account; or where we have given permission for a specific payment or approved an automated payment scheme. You quickly withdraw: money incorrectly paid into it; Office Money no longer necessary to maintain a Client Account; monies which you were previously unsure whether wholly Office Money; or to pay a bill of costs received by a Client. Money withdrawn does not exceed the total held to credit of both the Client and the Client Account. Any withdrawal in your favour is recorded in both the Client and Office columns of the appropriate Client Ledger Account.

Cash withdrawals are not permitted. Withdrawals made by cheque or other written instructions must be signed, and other payments including electronic payment systems made, or the systems operated by, an Approved Person (please see CLC Handbook's Glossary of Terms). With the exception of Separate Designated Accounts, transfers of money from one Client Account to another at the same Bank/Building Society can be carried out by someone other than an Approved Person. A private loan sum can only be paid out of funds held for the lender if you have obtained the written authority of both Clients.

Accounting Records

These are updated at least weekly and show clearly - i.e. illustrate every transaction relating to each Client and disclosing indebtedness - all dealings with Client Money and Office Money. Client Money dealings are appropriately and clearly recorded (in a Client cash account or record of sums) on the Client side of a separate Client Ledger Account for each Client/matter.

If Separate Designated Accounts (SDAs) are used, the combined cash account and separate amounts are

clearly recorded. Where interest has been credited to the SDA the Accounting Records reflect this. The current balance on each Client and Office Ledger Account and Office Money dealings relating to a Client is readily ascertainable. A record of all bills of costs is maintained and each bill distinguishes between Costs, paid, and unpaid, Disbursements.

Reconciliations

On an at least monthly basis a bank reconciliation statement is prepared to show causes for any differences between Client cash account and Client bank statements and passbook balances. At the same time you prepare a list of all balances shown by client and office ledger accounts to compare the client ledger credit balance with that on the reconciliation statement. Reconciliation statements must run consecutively and be completed within 7 days of the date to which they are prepared.

Accounting Records and Reconciliation Statement are kept separate from those for any other business. They, along with, statements and passbooks of accounts in which Client Money has been paid, as well as those of the Office Account, are retained for at least 6 years. Copies of paid cheques, and original/copies of all other withdrawal authorities, are retained for 2 years.

Deposit Interest

A reasonable rate of interest is sought for any Client Money to be held in an SDA. You account to the Client for interest earned. If you decide to depart from this you provide the Client with sufficient information, including any Terms of Engagement contracting out provision, to enable them to make an informed decision.