

PART III ACCOUNTS CERTIFICATE RULES

The obligations of the 1997 Accounts Certificate Rules are continued through into the new Rules and are explained in this section. It has been set up so that the transition can be managed without separate Certificates being needed for the period which includes 1st February 2002.

(Rule 14)

Does the Accounts Certificate apply to my firm?

Yes – even if you do not operate a client bank account. There is a special style of Certificate for that situation. You have to keep the firm records up to date and confirm that you do not continue to hold client monies. See Schedules I and II to the Rules for the format.

(Rule 14(1))

When should I provide an Accounts Certificate?

You should set up an accounting period of no more than six months from the start of a new practice and report in the approved style within one month of the accounting period end. Certificates should be for consecutive periods of time, without gaps or overlaps, and not cover more than six months.

(Rule 15)

Who should sign the Certificate?

Two partners – one being the current Designated Cashroom Partner.

(Rule 16)

What happens when the firm operates separate accounting systems at every branch or has more than one set of accounting records?

You must provide an Accounts Certificate for each set of accounting records. Take care to have the same accounting period ends for all the systems under your control.

What information is needed for the Certificate?

The Certificate should be prepared on the firm's own headed notepaper and disclose the following details:-

- (a) The start and finish dates of the accounting periods.
- (b) The identity of the Designated Cashroom Partner or Partners.
- (c) The list of Powers of Attorney should be included. A separate list can be attached to the Certificate if the firm holds a large number of Powers.

On the reverse of the Certificate, information taken from the accounting records each quarter should be included as follows:-

- (a) Total sums due to clients in the general client accounts.
- (b) Total monies held in general client bank accounts.
- (c) Surplus or deficit which results.
- (d) Total sums due to named clients as per your reconciled records.
- (e) Total monies held for named clients reconciled to the passbooks, statements etc.
- (f) The firm's financial position shown as a total. Monies held in the practice balance sheet for the firm should be shown in total. If the firm has term loans, practice loans, overdrafts or other borrowings then these must be disclosed. Hire purchase liabilities which fund partnership assets are included but unexpired leases are not. Personal loans arranged outwith the firm are excluded.

If an accountant is instructed to help with the work of preparing the Certificate, information should be included as to the level of assistance given. This is best done by attaching a copy of the Letter of Engagement between accountant and solicitor.

What happens if I have breached the terms of the Accounts Rules or the Accounts Certificate Rules?

You should take steps to correct the breach or breaches and write to the Society explaining the position. If you are unable to correct the problem immediately, contact the Chief Accountant or a member of his team for advice. The Society appreciates that breaches of Rules do happen from time to time and the Chief Accountant and his team will be happy to give appropriate advice and assistance when asked.