

THE LAW SOCIETY OF SINGAPORE

PRACTICE DIRECTION 3.3.3

[Formerly PDR 1989, misc section, query 1]

QUERY: ACCOUNTANT'S REPORT RULES – ACCOUNTING PERIOD UNDER REVIEW AND RECONCILIATION OF LEDGER BALANCE

1. Question: With respect to solicitors (as defined by the subsidiary legislation) who cease to be a member of a law practice should the accounting period under review end on the date they leave the law practice?

Answer: Yes.

2. Question: If the answer is yes, is it sufficient to perform a reconciliation of the ledger balance, to bank balances on only one date considering the following:

- (a) A solicitor who resigns during the year to join another law practice of solicitors will have two accountant reports for that particular year. If rule 4(1)(f) of the Legal Profession (Accountant's Report) Rules (Cap 161, R 10, 2010 Rev Ed) ('ARR') is to be strictly adhered to, there will be four dates of reconciliation.
- (b) It becomes difficult in practice to comply with rule 4(1)(f) of the ARR since partners resign during the year and this could lead to delays.

Answer:

The accountant has to be satisfied that the Legal Profession (Solicitors' Accounts) Rules (Cap 161, R 8, 1999 Rev Ed) ('SAR') have been complied with. In the situation envisaged in paragraph 2(a), Council will be entitled to exercise its power under rule 12 of the SAR but Council notes:

- (i) The 'accounting period' is not necessarily a year and the accounting period of the law practice from which the solicitor retires is not necessarily the same as that of the law practice to which he/she is admitted.
- (ii) It may happen that the solicitor retires near the end of the accounting period of one law practice and is admitted just after the commencement of the accounting period of another just as it may be that the retirement and admission are in the first month of both accounting periods in which case it may not be possible to carry out the required reconciliations. Each case has to be considered on its own merits.

The Council does not see that paragraph 2(b) is a valid reason for not carrying out the required reconciliations.

Council recognises that there may be instances where by operation of rules 8 and 9 of the ARR, the relevant accounting period for the purpose of section 73(3) of the Legal Profession Act (Cap 161, 2009 Rev Ed) may cover a period as brief as one month. However, the examination under rule 4(1)(f) of the ARR is only one of several procedures to be carried

out to enable you to be satisfied that the solicitor concerned has complied with the provisions of the SAR. Further examination may be necessary and this is envisaged by rule 4(3) of the ARR.

Date: 31 January 2019

THE COUNCIL OF THE LAW SOCIETY OF SINGAPORE