

LEGAL PROFESSION ACT
(CHAPTER 161, SECTION 73(4))

LEGAL PROFESSION (ACCOUNTANT'S REPORT) RULES

ARRANGEMENT OF RULES

Rule

1. Citation
 2. Definitions
 3. Qualified accountant
 4. Duties of accountant
 5. Privilege
 6. Accountant's report
 7. Where accountant's report unnecessary
 8. Accounting period for solicitor exempted under rule 7 obliged to deliver first report
 9. Accounting period for other solicitors
 10. Requirements of Council — how made
 11. Notice given by Council to accountants
 12. Power to waive provisions
- The Schedule
-

[8th August 1985]

Citation

1. These Rules may be cited as the Legal Profession (Accountant's Report) Rules.

Definitions

2. In these Rules —

“approved finance company” means any finance company registered under the Finance Companies Act (Cap. 108) which is approved by the Minister to accept deposits of client's money for the purposes of these Rules;

“bank” has the same meaning as in the Banking Act (Cap. 19);

“bank statement” means a statement issued by a bank in respect of any client account, conveyancing account or conveyancing (CPF) account maintained at such bank, and includes a statement issued by an approved finance company in respect of a client account maintained at such finance company;

[S 396/2011 wef 01/08/2011]

“Central Provident Fund Board” means the Central Provident Fund Board constituted under the Central Provident Fund Act (Cap. 36);

[S 396/2011 wef 01/08/2011]

“client”, “client account”, “client’s money” and “trust money” have the meanings respectively assigned to them by the Legal Profession (Solicitors’ Accounts) Rules (R 8);

“conveyancing account”, “conveyancing (CPF) account” and “conveyancing money” have the same meanings as in rule 2(2) of the Conveyancing and Law of Property (Conveyancing) Rules 2011 (G.N. No. S 391/2011);

[S 396/2011 wef 01/08/2011]

“Public Accountants Oversight Committee” means the Public Accountants Oversight Committee appointed under section 4 of the Accountants Act (Cap. 2);

“trust account” has the meaning assigned to it by the Legal Profession (Solicitors’ Trust Accounts) Rules (R 9).

Qualified accountant

3.—(1) An accountant shall be qualified to give an accountant’s report on behalf of a solicitor if —

- (a) he is practising in Singapore and is authorised to practise as a public accountant under the Accountants Act;
- (b) he has neither been at any time during the accounting period, nor subsequently, before giving the report, become —
 - (i) a partner or an employee of the solicitor or of any partner of his; or

- (ii) a partner, a director, a member or an employee of a limited liability law partnership, a law corporation, a Joint Law Venture, a constituent foreign law practice (of a Joint Law Venture), a Qualifying Foreign Law Practice or a licensed foreign law practice in which the solicitor is a partner or director; and
 - (c) he is not subject to a notice of disqualification under paragraph (2) or under rule 11A(4) of the Legal Profession (Solicitors' Accounts) Rules.
- (2) Where —
- (a) the Public Accountants Oversight Committee has made a disciplinary order against a public accountant under section 52(2) of the Accountants Act (Cap. 2) or an equivalent provision under the repealed Accountants Act (Cap. 2, 2001 Ed.); or
 - (b) the Council is satisfied that a solicitor has not complied with the provisions of the Legal Profession (Solicitors' Accounts) Rules (R 8) in respect of matters not specified in an accountant's report and that the accountant who gave the report was negligent in giving the report, whether or not an application be made for a grant out of the Compensation Fund,
- the Council may, in its discretion, at any time notify the accountant that he is not qualified to give an accountant's report.
- (3) The Council may give notice, of the fact that an accountant is not qualified to give an accountant's report, to any solicitor who appears to the Council to be likely to engage or employ that accountant for the purpose of giving an accountant's report or to be a book-keeper for the purposes of rule 11(8) of the Legal Profession (Solicitors' Accounts) Rules.
- (4) After the accountant has been notified by the Council that he is not qualified to give an accountant's report and until such notice of disqualification has been withdrawn by the Council, he shall not —
- (a) be qualified to give an accountant's report; and

- (b) be engaged or employed as a book-keeper for the purposes of rule 11(8) of the Legal Profession (Solicitors' Accounts) Rules.

(5) In coming to its decision, the Council shall (if the decision is based on a matter referred to in paragraph (2)(a)) take into consideration any observation or explanation made or given by the accountant or on his behalf by the Public Accountants Oversight Committee.

Duties of accountant

4.—(1) For the purpose of giving an accountant's report, an accountant shall ascertain from the solicitor particulars of all accounts (excluding trust accounts) maintained by the solicitor at any bank or with any approved finance company kept, maintained or operated by the solicitor in connection with his practice at any time during the accounting period to which his report relates and, subject to paragraph (2), make the following examinations of the books, accounts and other relevant documents of the solicitor:

- (a) examine the book-keeping system in every office of the solicitor so as to enable the accountant to verify that such system complies with rule 11 of the Legal Profession (Solicitors' Accounts) Rules (R 8), and is so designed that —

- (i) an appropriate ledger account is kept for each client;
- (ii) such ledger accounts show separately from other information particulars of all client's money, conveyancing money and other money received, held or paid on account of each client; and

[S 396/2011 wef 01/08/2011]

- (iii) transactions relating to client's money and any other money dealt with through a client account, and transactions relating to conveyancing money dealt with through a conveyancing account or conveyancing (CPF) account, are recorded in the solicitor's books so as to distinguish such transactions from transactions

relating to any other money received, held or paid by the solicitor;

[S 396/2011 wef 01/08/2011]

(b) make test checks of —

(i) postings to clients' ledger accounts from records of receipts and payments of —

(A) client's money and any other money dealt with through a client account; and

(B) conveyancing money dealt with through a conveyancing account or conveyancing (CPF) account; and

(ii) the costs of each client account, conveyancing account and conveyancing (CPF) account (if any) and of such records;

[S 396/2011 wef 01/08/2011]

(c) compare —

(i) a sample of lodgments into and payments from a client account (as shown in bank statements) with the solicitor's records of receipts and payments of client's money and any other money dealt with through the client account; and

(ii) a sample of lodgments into and payments from a conveyancing account or conveyancing (CPF) account (as shown in bank statements) with the solicitor's records of receipts and payments of conveyancing money dealt with through the conveyancing account or conveyancing (CPF) account, as the case may be; and

[S 396/2011 wef 01/08/2011]

(d) enquire into and test check the system of recording costs and of making transfers in respect of costs from each client account, conveyancing account and conveyancing (CPF) account (if any);

[S 396/2011 wef 01/08/2011]

- (e) make a test examination of such documents as he shall request the solicitor to produce to him with the object of ascertaining and confirming —
- (i) that the financial transactions, (including those giving rise to transfers from one ledger account to another) evidenced by such documents, are in accordance with the Legal Profession (Solicitors' Accounts) Rules; and
 - (ii) that the entries in clients' ledger accounts reflect those transactions in a manner complying with the Legal Profession (Solicitors' Accounts) Rules;
- (f) extract (or check extractions of) balances on the clients' ledger accounts during the accounting period under review at not fewer than 2 dates selected by the accountant (one of which may be the last day of the accounting period), and at each such date —
- (i) compare the total as shown by such ledger accounts of the liabilities to the clients (including those for whom trust money is held in a client account, or conveyancing money is held in a conveyancing account or conveyancing (CPF) account), with the cash book balances on every client account, conveyancing account, conveyancing (CPF) account (if any), client's fixed deposit account with a bank or approved finance company (including such a fixed deposit account in which trust money is held) and other fixed deposit account; and
- [S 396/2011 wef 01/08/2011]*
- (ii) reconcile such cash book balances and fixed deposit with confirmations obtained by the accountant direct from the bank or approved finance company;
- (g) satisfy himself that reconciliation statements have been kept in accordance with rule 11(4) of the Legal Profession (Solicitors' Accounts) Rules (R 8);
- (h) make a test examination of the clients' ledger accounts in order to ascertain whether the payments made from any

client account, conveyancing account or conveyancing (CPF) account in respect of any client are in excess of the money held on behalf of that client in that account;

[S 396/2011 wef 01/08/2011]

(i) peruse such office ledger and cash accounts and bank statements as the solicitor maintains with a view to ascertaining whether —

(i) any client's money has not been paid into a client account; or

(ii) any conveyancing money has not been paid into a conveyancing account or, if paid by the Central Provident Fund Board, into a conveyancing (CPF) account; and

[S 396/2011 wef 01/08/2011]

(j) ask for such information and explanations as he may require arising out of sub-paragraphs (a) to (i).

(2) Nothing in paragraph (1) shall require the accountant —

(a) to extend his enquiries beyond the information contained in the relevant documents relating to any client's matter produced to him supplemented by such information and explanations as he may obtain from the solicitor;

(b) to enquire into the stocks, shares, other securities or documents of title held by the solicitor on behalf of his clients; or

(c) to consider whether the books or accounts of the solicitor have been properly written up in accordance with rule 11 of the Legal Profession (Solicitors' Accounts) Rules at any time other than the times as at which his examination of those books and accounts takes place.

(3) If after making an examination under paragraph (1), it appears to the accountant that there is evidence that the Legal Profession (Solicitors' Accounts) Rules (R 8) have not been complied with, the accountant shall make such further examination as may be necessary in order to complete his report with or without qualification.

Privilege

5.—(1) Nothing in these Rules shall deprive a solicitor of the right on the grounds of privilege as between solicitor and client to decline to produce to the accountant any document which the accountant may consider it necessary for him to inspect for the purposes of his examination in accordance with rule 4.

(2) Where the solicitor so declines, the accountant shall qualify his report to that effect setting out the circumstances.

Accountant's report

6.—(1) An accountant's report delivered by a solicitor or a partner or director of a limited liability law partnership or law corporation under these Rules shall be in the form set out in the Schedule or in a form to the like effect approved by the Council.

(2) The accountant's report must include the identification number of the accountant giving the report.

Where accountant's report unnecessary

7. The Council will, in each practice year, be satisfied that the delivery of an accountant's report under section 73(1) of the Act is unnecessary and shall not require evidence of that fact, in the case of any solicitor who —

(a) does not hold a practising certificate and —

(i) has never held one; or

(ii) having held one, has not practised in any Singapore law practice at any time during the accounting period ending on the date upon which he ceased to practise, or has delivered an accountant's report in respect of his practice in a Singapore law practice covering the accounting period ending on the date upon which he ceased to practise and to hold or receive client's money or conveyancing money, or both; or

[S 396/2011 wef 01/08/2011]

(b) holds a current practising certificate —

- (i) for the first time;
- (ii) for the first time, after having for 12 months or more ceased to do so; or
- (iii) has satisfied the Council that —

(A) the Legal Profession (Solicitors' Accounts) Rules (R 8) are not applicable to him because he is employed only as an assistant solicitor by another solicitor or firm of solicitors or limited liability law partnership or law corporation and has not, during the period to which the said application relates, practised alone or in partnership or been held out to the public as a partner or director of a firm of solicitors, limited liability law partnership or law corporation or held or received client's money or conveyancing money; or

[S 396/2011 wef 01/08/2011]

(B) the Legal Profession (Solicitors' Accounts) Rules are not applicable to him because during the period to which the said application relates he has not practised as a solicitor alone or as a partner or director of a firm of solicitors, limited liability law partnership or law corporation or been held out to the public as a partner or director of a firm of solicitors, limited liability law partnership or law corporation or has not held or received client's money or conveyancing money.

[S 396/2011 wef 01/08/2011]

Accounting period for solicitor exempted under rule 7 obliged to deliver first report

8.—(1) In the case of a solicitor who —

- (a) becomes under an obligation to deliver his first accountant's report; or
- (b) having been exempt under rule 7 from delivering an accountant's report in the preceding practice year, becomes under an obligation to deliver an accountant's report,

the accounting period shall begin on the date upon which he first held or received client's money or conveyancing money, or, after such exemption, began again to hold or receive client's money or conveyancing money.

[S 396/2011 wef 01/08/2011]

(2) The accounting period referred to in paragraph (1) may cover less than 12 months and shall in other respects comply with the requirements of section 73(3) of the Act.

(3) In the case of a solicitor retiring from practice who, having ceased to hold or receive client's money or conveyancing money, or both, is under an obligation to deliver his final accountant's report, the accounting period —

- (a) shall end on the date upon which he ceased to hold or receive client's money or conveyancing money, or both;

[S 396/2011 wef 01/08/2011]

(b) may cover less than 12 months; and

(c) shall in all other respects comply with the requirements of section 73(3) of the Act.

[S 396/2011 wef 01/08/2011]

Accounting period for other solicitors

9. In the case of a solicitor who —

- (a) was not exempt under rule 7 from delivering an accountant's report in the preceding practice year; and

- (b) since the expiry of the accounting period covered by his last accountant's report has become, or ceased to be, a member of a firm of solicitors or a partner or director of a limited liability law partnership or a law corporation,

the accounting period may cover less than 12 months and shall in all other respects comply with the requirements of section 73(3) of the Act.

Requirements of Council — how made

10. Every requirement to be made by the Council of a solicitor under these Rules —

- (a) shall be made in writing under the hand of the Director or a member of the Council designated by the Council for the purpose; and
- (b) may be served on the solicitor by sending the document by registered post to his usual or last known address.

Notice given by Council to accountants

11. Every notice to be given by the Council to an accountant under these Rules —

- (a) shall be in writing under the hand of the Director or a member of the Council designated by the Council for this purpose; and
- (b) may be served on the accountant by sending the notice by registered post to the address of the accountant as shown on the accountant's report or appearing in the Register of Public Accountants kept and maintained under the Accountants Act (Cap. 2).

Power to waive provisions

12. The Council may, if it thinks fit in any particular case, waive any of the provisions of these Rules in writing, subject to such terms and conditions as the Council may impose.

THE SCHEDULE

Rule 6(1)

LEGAL PROFESSION ACT
(CHAPTER 161)

LEGAL PROFESSION
(ACCOUNTANT'S REPORT) RULES

ACCOUNTANT'S REPORT
FOR SOLICITOR IN SINGAPORE LAW PRACTICE

Note: In the case of a Singapore law practice with a number of partners or directors, carbon copies of the report may be delivered provided paragraph 1 below is completed on each report with the name of the individual solicitor.

1. Solicitor's full name _____

2. Name(s) and address(es) of Singapore law practice

Note: All addresses in Singapore at which the solicitor practises must be covered by an accountant's report or reports.

3. State whether practising alone/in partnership/as a partner in a limited liability law partnership/as a director in a law corporation

4. Accounting period(s) _____

Note: The period(s) must comply with section 73 of the Legal Profession Act and the Legal Profession (Accountant's Report) Rules (R 10).

5. In compliance with section 73 of the Legal Profession Act and the Legal Profession (Accountant's Report) Rules, I have examined to the extent required by rule 4 of the said Rules the books, accounts and documents produced to me in respect of the above practice(s) of the abovenamed solicitor.

6. In so far as an opinion can be based on this limited examination, I am satisfied that during the abovementioned period(s) he has complied with the provisions of

THE SCHEDULE — *continued*

the Legal Profession (Solicitors' Accounts) Rules (R 8), except in so far as concerns —

- *(a) certain trivial breaches due to clerical errors or mistakes in book-keeping, all of which were rectified on discovery and none of which, I am satisfied, resulted in any loss to any client;
- *(b) the matters set out in the First Section hereof, in respect of which I have not been able to satisfy myself for the reasons therein stated;
- *(c) the matters set out in the Second Section hereof, in respect of which it appears to me that the solicitor has not complied with the provisions of the Legal Profession (Solicitors' Accounts) Rules.

7. The results of the comparisons required under rule 4(1)(f) of the Legal Profession (Accountant's Report) Rules (R 10), at the dates selected by me were as follows:

(a) at _____

- *(i) the figures were in agreement;
- *(ii) there was a difference computed as follows:

Liabilities to clients as shown by clients' ledger accounts	\$ _____
Total amount of cash held in every client account, conveyancing account and conveyancing (CPF) account, after allowance for outstanding cheques and lodgments cleared after date	\$ _____
	\$ _____

(b) at _____

- *(i) the figures were in agreement;
- *(ii) there was a difference computed as follows:

Liabilities to clients as shown by clients' ledger accounts	\$ _____
Total amount of cash held in every client account, conveyancing	\$ _____

THE SCHEDULE — *continued*

account and conveyancing (CPF)
account, after allowance for
outstanding cheques and lodgments
cleared after date

\$ _____

8.*(a) Having retired from active practice as a solicitor, the said _____
_____ ceased to
hold client's money or conveyancing money, or both, on _____

*(b) Having ceased to practise under the style or as a partner/director of _____
_____ the
said _____ ceased to hold client's money or
conveyancing money, or both, on _____

Particulars of Accountant:

Full Name _____

Singapore NRIC No./FIN _____

Qualifications _____

Firm Name and Address _____

Signature _____

Date _____

To: The Council,
The Law Society of Singapore,
Singapore.

FIRST SECTION

THE SCHEDULE — *continued*

Matters in
respect of which the
accountant has been
unable to satisfy
himself and the
reasons for the
inability:

SECOND SECTION

Matters (other than trivial breaches) in respect of which it appears to the
accountant that the solicitor has not complied with the provisions of the Legal
Profession (Solicitors' Accounts) Rules (R 8):

*Delete whichever is inapplicable.

[S 396/2011 wef 01/08/2011]

LEGISLATIVE HISTORY
LEGAL PROFESSION (ACCOUNTANT'S REPORT) RULES
(CHAPTER 161, R 10)

This Legislative History is provided for the convenience of users of the Legal Profession (Accountant's Report) Rules. It is not part of these Rules.

- 1. G. N. No. S 204/1985 — Accountant's Report Rules 1985**
(G. N. No. S 325/1985 — Corrigendum)
(G. N. No. S 209/1987 — Corrigendum)
Date of commencement : 8 August 1985
- 2. 1990 Revised Edition — Legal Profession (Accountant's Report) Rules**
Date of operation : 25 March 1992
- 3. G. N. No. S 382/1998 — Legal Profession (Accountant's Report) (Amendment) Rules 1998**
Date of commencement : 1 August 1998
- 4. 1999 Revised Edition — Legal Profession (Accountant's Report) Rules**
Date of operation : 1 January 1999
- 5. G. N. No. S 75/2000 — Legal Profession (Accountant's Report) (Amendment) Rules 2000**
Date of commencement : 1 March 2000
- 6. G. N. No. S 467/2001 — Legal Profession (Accountant's Report) (Amendment) Rules 2001**
Date of commencement : 1 October 2001
- 7. G. N. No. S 108/2004 — Legal Profession (Accountant's Report) (Amendment) Rules 2004**
Date of commencement : 1 April 2004
- 8. G. N. No. S 661/2006 — Legal Profession (Accountant's Report) (Amendment) Rules 2006**
Date of commencement : 1 January 2007
- 9. G. N. No. S 479/2008 — Legal Profession (Accountant's Report) (Amendment) Rules 2008**
Date of commencement : 19 September 2008
- 10. 2010 Revised Edition — Legal Profession (Accountant's Report) Rules**
Date of operation : 31 May 2010

**11. G.N. No. S 396/2011 — Legal Profession (Accountant's Report)
(Amendment) Rules 2011**

Date of commencement : 1 August 2011