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| **Leicester De Montfort Law School****Legal Practice Course****Solicitors Accounts** **Small Group Session 3****In Session Exercises** |

**Exercise 1**

You act for Joan Tranter in a debt collection matter.

**Prepare the client ledger and the cash ledger only.**

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| --- | --- |
| 4 May | You receive £400 from Joan on account. |
|  |  |
| 11 May | You pay a court fee of £50. |
|  |  |
| 25 May | You send a bill to Joan for costs of £70 plus VAT and outstanding disbursements. |
|  |  |
| 25 May | You transfer the total amount due from client to business account. |
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**Exercise 2**

You act on behalf of Mr B. Drayton in connection with his purchase of 10 Green Lane.

**Prepare the client ledger and the cash ledger only.**

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| --- | --- |
| 3 September | You receive £500 on account of costs from B Drayton. |
| 4 September  | You pay a local search fee of £200 from client account. |
| 5 September | B Drayton’s cheque is returned by your bank because it has “bounced”. |

**Exercise 3**

You act for Neil Walters in a litigation matter against Firebrand Ltd in which you have just reached a settlement.

**Prepare the client ledgers for Neil Walters and Mary Brown and the cash ledger only.**

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|  |  |
| 3 June | Send a bill to Neil for your costs of £200 plus VAT. You also send Neil a copy of counsel’s invoice for £100 (which you have not yet paid). |
|  |  |
| 8 June | Receive a cheque from Neil for £340. It is a mixed payment to cover your bill and the amount due to counsel. Pay the money into the business account and transfer the ‘client money’ to client account.  |
|  |  |
| 11 June | Pay counsel’s invoice. |
|  |  |
| 15 June | Receive process server’s quote for £50. |
|  |  |
| 16 June | Send bill to Neil for your costs of £100 plus VAT. You also send Neil a copy of the process server’s quote. |
|  |  |
| 22 June | Receive a cheque from Neil for £170. It is a mixed payment, and you pay it into client account. You promptly transfer the ‘business money’ to business account. |
|  |  |
| 25 June | Receive £500 in settlement of Neil’s claim against Firebrand Ltd. |
|  |  |
| 26 June | Receive and pay process server’s invoice of £50. |
|  |  |
| 28 June | On Neil’s instructions transfer the balance of money held for Neil to Mary Brown, another client, who you are acting for in relation to a boundary dispute. |

**Exercise 4**

You act for Nicola Spencer. With reference to the relevant rules in the Accounts Rules 2019, explain what the entries on Nicola’s client ledger (below) mean, what action you would now take, and why you need to take that action.

**Client: Nicola Spencer**

**Matter: Matrimonial Dispute**

|  |  |  |
| --- | --- | --- |
|  | BUSINESS ACCOUNT | CLIENT ACCOUNT |
| Date | Details | DR | CR | Bal | DR | CR | Bal |
| 29/10 | Cash: From client on account of costs |  |  |  |  | 600.00 | 600.00 |
| 30/10 | Cash: Pay court fee |  |  |  | 100.00 |  | 500.00 |
| 02/11 | Cash: Dishonoured cheque |  |  |  | 600.00 |  | [100.00] |