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| **Leicester De Montfort Law School**  **Legal Practice Course**  **Solicitors Accounts**  **Small Group Session 4**  **In Session Exercises** |

**Exercise 1**

You are acting for Fifi Wild who has agreed to sell 2 Marion Close for £100,000 and to purchase 4 Robin Avenue for £200,000. There is an outstanding mortgage of £40,000 on 2 Marion Close with Staffordshire Building Society. She is buying 4 Robin Avenue with the aid of a mortgage of £120,000 from Britannia Building Society.

2 October Receive cheque from Fifi for £500 on account of disbursements for 4 Robin Avenue.

5 October Pay Environmental search of £40 and Coal Mining search of £40 both re 4 Robin Avenue.

10 October Pay Survey fee £300 plus VAT re 4 Robin Avenue.

16 October Receive cheque from Fifi for £10,000, being the balance deposit on 4 Robin Avenue.

18 October Contracts are exchanged on the sale of 2 Marion Close, the deposit of £10,000 being paid by BACS payment to your firm. You use this plus the money received from your client to pay the 10% deposit on her purchase, contracts being exchanged on the same day.

23 October Send completion statement to buyer’s solicitors in respect of 2 Marion Close showing the balance due of £90,000.

24 October Receive completion statement from seller’s solicitors in respect of 4 Robin Avenue showing balance due of £180,000.

25 October Send the Statement of Account to Fifi with bill of costs. The statement shows, inter alia, the following:

Stamp Duty Land Tax: £1,500.

Land Registry fees: £190.

Land charges search: £1.

Bankruptcy only search: £1.

Your costs are:

£350 plus VAT in connection with the sale,

£350 plus VAT in connection with the purchase and

£100 plus VAT in connection with the grant of the new mortgage.

6 November Receive balance due from Fifi.

7 November Carry out land charges search and bankruptcy only search.

8 November Receive mortgage advance from Britannia Building Society.

13 November Complete sale and purchase.

13 November Send BACS payment to Staffordshire Building Society for £40,000 to redeem mortgage on 2 Marion Close.

15 November Pay Stamp Duty Land Tax and Land Registry Fees.

15 November Transfer amount due from client account to business account.

**Task**

**Prepare the Statement of Account for Fifi which you would send to her on 25 October.**

**Exercise 2**

You act for Emma Thornton regarding her sale of Flat 3, Pirbeck House, Wigston, for £134,000 and her purchase of 16 Dale Court, Leicester, for £190,000.

There is an outstanding mortgage of £68,000 with Abbey Bank plc and Emma will be taking out a new mortgage with Town and Country Building Society for £120,000.

The following events occur:

2 October You receive a cheque for £300 from your client on account of disbursements for 16 Dale Court.

4 October You receive an invoice for £200 plus VAT from a firm of environmental consultants for a survey which has been carried out relating to your client’s purchase. You pay the invoice.

9 October You pay £10 for official copies of Land Registry entries relating to your client’s sale.

10 October You pay £25 for a coal mining search and £120 for a local search on your client’s purchase.

11 October You are advised by the solicitors acting for the seller of 16 Dale Court that they are prepared to accept a deposit of 5% on exchange of contracts and you amend the contract accordingly.

14 October You exchange contracts on the sale and purchase.

16 October You send your client a bill for £600 plus VAT on the sale, £800 plus VAT on the purchase and £200 plus VAT on the new mortgage.

17 October You receive a telephone call from your client advising you that she had previously been given a quotation for your costs of £600 on each of the sale and purchase. You apologise for the error on that bill and agree to reduce the bill on the purchase only to £600 plus VAT. You send your client a revised bill, together with a Statement of Account.

18 October You carry out a bankruptcy search on the client’s purchase at a cost of £2. On the same day, you receive the amount due to complete from your client.

18 October You receive the mortgage advance from Town and Country Building Society.

21 October You complete the sale and purchase. You redeem your client’s mortgage with Abbey Bank plc.

24 October You pay Land Registry fees of £190 and Stamp Duty Land Tax of £1,300.

25 October You transfer the amount due to the firm from client to business account.

**Task**

**Prepare the Statement of Account which you sent to your client on 17 October.**

**Exercise 3**

The attached ledgers for Gail Yeovil and the Cash (Extract) show four transactions relating to Gail Yeovil.

**Write the question which would have resulted in these entries.**

# Client: Gail Yeovil Matter: Personal Injury Claim

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| Date | Details of transaction | Business Account | | | | | | Client Account | | | | | |
| Debit | | Credit | | Balance | | Debit | | Credit | | Balance | |
| 02/08 | Cash: Receipt of settlement monies |  |  |  |  |  |  |  |  | 50000 | 00 | 50000 | 00 |
| 13/09 | Interest Payable: Payment of interest - settlement monies retained whilst client on holiday |  |  | 173 | 00 | 173 | 00 |  |  |  |  |  |  |
| 13/09 | Cash: Payment of interest to client | 173 | 00 |  |  | - - | - - |  |  |  |  |  |  |
| 13/09 | Cash: Settlement monies to client |  |  |  |  |  |  | 50000 | 00 |  |  | - - | - - |

Cash (Extract)

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| Date | Details of transaction | Business Account | | | | | | Client Account | | | | | |
| Debit | | Credit | | Balance | | Debit | | Credit | | Balance | |
| 02/08 | G Yeovil: Receipt of settlement monies |  |  |  |  |  |  | 50000 | 00 |  |  |  |  |
| 13/09 | G Yeovil: Payment of interest to client |  |  | 173 | 00 |  |  |  |  |  |  |  |  |
| 13/09 | G Yeovil: Settlement monies to client |  |  |  |  |  |  |  |  | 50000 | 00 |  |  |