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| **Leicester De Montfort Law School**  **Legal Practice Course**  **Solicitors Accounts**  **Small Group Session 2**  **Prep Worksheet 2** |

**Exercise 1**

**You act for B Singh in a litigation matter against Feds Ltd.**

**You need to issue court proceedings and so your firm pays a £40 court fee.**

**Mr Singh sent you a cheque for £280. That money was to cover the court fee and included a further £240 on account of costs.**

**A settlement is reached and Feds Ltd send you the settlement money.**

**You issue a bill to your client for £200 plus VAT and transfer the relevant sum from client account to pay the bill.**

**Explain which money is client money, and which is business money (and, in each case, refer to any relevant rules governing this distinction).**

**Exercise 2**

Your firm is acting for M. Edwards in connection with debt collection matters.

**Prepare the Client ledger, Cash ledger, Profit Costs ledger and HMRC ledger for M. Edwards to record the following transactions:**

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| 3 September | M. Edwards sends £100 on account of costs. | |
|  |  | |
| 4 September | Proceedings are issued against Green Limited in respect of an unpaid invoice. Court fees of £100 are paid. | |
|  |  | |
| 7 September | Proceedings are issued against White Limited in respect of an unpaid invoice. Court fees of £100 are paid. | |
|  |  | |
| 11 September | Brown Limited sends you a cheque for £2,700 made payable to M. Edwards in respect of an unpaid invoice about which you had written to them. You hand the cheque to M. Edwards. | |
|  |  | |
| 21 September | You send M. Edwards a bill for £300 plus VAT and you also include disbursements incurred. | |
|  |  | |
| 25 September | | M. Edwards sends you a cheque for the total amount. | |

**Exercise 3**

You have been advising D Foster in connection with the preparation of a will.

**Prepare all the ledgers to record the following:**

3 September You send D Foster a bill for £350 plus VAT.

4 September D Foster informs you that he thinks the bill is too high. You agree to reduce the amount of the bill to £250 plus VAT.

7 September D Foster sends you a cheque for the total amount he now owes your firm.

**Exercise 4**

Your firm is acting for T. Brydon in connection with a personal injury claim against West Transport Limited.

**Prepare all the ledgers to record the following:**

|  |  |
| --- | --- |
| 7 September | Pay court fee of £80. |
|  |  |
| 30 September | West Transport’s offer of settlement of £30,000 is accepted by T. Brydon. | |
|  |  |
| 5 October | Receive cheque for £30,000 from the solicitors acting for West Transport Ltd. The cheque is made payable to your solicitor’s firm. |
|  |  |
| 6 October | Send T. Brydon a bill for £500 plus VAT. The bill also includes details of outstanding disbursements. |
|  |  |
| 12 October | Send T. Brydon a cheque for the amount of the settlement less the amount he owes you.  **Do NOT attempt to transfer the balance remaining in client account to business account. You will be taught how to do that in Small Group Session 3.** |