CHARTERED ACCOUNTANTS,
TAX & BUSINESS ADVISERS

Lamont Pridmore

SOLICITORS – REPORTS UNDER THE SRA ACCOUNTS RULES 2019

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as your reporting accountants and advisors with regard to reports under the Solicitors Regulation Authority (SRA) Accounts Rules 2019 and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 You have determined that you are required to obtain an accountant's report under rule 12.1 of the SRA Accounts Rules 2019.

1.2 You are responsible for keeping the accounting records required by the SRA Accounts Rules 2019 and for ensuring that all transactions in client money or trust money are in accordance with those rules.

1.3 You have a duty to provide documentation to us, as required to enable us to complete our accountant's report.

1.4 You are responsible for submitting the report to the SRA if required by rule 12.1(b) within six months of the end of the accounting period to which the report relates.

1.5 To the extent necessary to enable us to comply with paragraph 2.6 below, you waive your/the firm's/the company's/the limited liability partnership's right of confidentiality. This waiver extends to any report made, document produced or information disclosed to the SRA in good faith pursuant to these instructions, even though it may subsequently transpire that we were mistaken in our belief that there was cause for concern.

2 Our responsibilities as reporting accountants

2.1 We are required, in compliance with the *Solicitors Act* 1974, s. 34, and Part 4 of the SRA Accounts Rules 2019 to provide you with that accountant's report. We will send a copy of the report to the COFA on behalf of all individuals covered by the report.

2.2 Such a report will be qualified by us where, in our judgment, the relevant SRA accounts rules have not been complied with such that the safety of client money is at risk. The form of our report is as required by Rule 12.9 and we will follow the guidance set out in the SRA's 'Planning for and completing an accountant's report.'

2.3 In order to meet the reporting requirements, we will undertake whatever work is necessary, in our professional judgment, in deciding whether a report needs to be qualified. We will have regard to the SRA's 'Planning for and completing an accountant's report' in considering the nature and extent of work required. Factors considered in deciding on the work required may include the size and complexity of the firm, the nature of the work undertaken, the number of transactions and amount of client funds held.

2.4 We will comment in our report on any material breaches of the Accounts Rules required to be considered as part of the report and/or significant weaknesses in the firm's systems and controls for compliance with the Accounts Rules, as listed above, which we find during the course of our work. Where such breaches or weaknesses exist, our report will be qualified.

2.5 We do not undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, beyond the work required under the SRA Accounts Rules 2019. However, we will advise you of any such shortcomings that we may discover during the course of our work.

2.6 We have a statutory duty as set out in section 34 of the *Solicitors Act* 1974 and section 5, schedule 2 of the *Administration of Justice Act* 1985, to immediately report to the SRA:

- any evidence of theft or fraud in relation to money held by a solicitor or a law firm for a client or any other person or in a client account or an account operated by the solicitor; or
- if we have concerns about whether a solicitor or a law firm is fit and proper to hold money for clients or third parties or operate any such accounts.

We may make that report without prior reference to you/your firm/your company/your limited liability partnership.

2.7 If we discover a failure by you to submit a qualified accountant's report to the SRA as required by these rules, we must give a report of the matter to the SRA.

2.8 We are to report directly to the SRA should our appointment be terminated following the issue of, or indication of intention to issue, a qualified accountant's report, or following the raising of concerns prior to the preparation of an accountant's report.

2.9 We are to deliver to you/your firm/your company/your limited liability partnership our report which you should also retain for at least six years from the date of its signature and to produce the copy to the SRA on request.

2.10 We are to retain these terms of engagement for at least six years after termination of the retainer and to produce them to the SRA on request and following any direct report made to the SRA, to provide to the SRA on request any further relevant information in our possession or in the possession of our firm.