

TRUST ACCOUNT STATEMENTS

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Regulation 60 requires a law practice to furnish a trust account statement to each person for whom or on whose behalf trust money (other than transit money) is held or controlled by the law practice.

A Separate Statement must be sent for each:

- i) trust ledger account – for general trust account;
- ii) controlled money movement record – for controlled money;
- iii) record of all dealings of trust money subject of a power – for power money; and
- iv) any account for whom or on whose behalf trust money is held or controlled by the law practice. For example, where trust money is “invested” on behalf of a client.

Trust Account Statement Particulars:

- i) all of the information required to be kept in relation to the trust money included in the relevant ledger account or record; and
- ii) the remaining balance (if any) of the money.

Exemptions from furnishing trust account statement at the end of June each Year:

- i) if the account is less than six months old;
- ii) if the account is zero and there have been no transactions on the account in the last twelve months;
- iii) if a statement has been sent in the last twelve months and there have been no subsequent transactions; and
- iv) if the client is a sophisticated client.

Details to be included in Trust Account Statement

The detail to be shown in a trust account statement is *the same as* the information required to be kept in a *ledger account or record* and the remaining balance (if any) of the money.

In the case of controlled money the trust account statement would be similar in layout to the controlled money movement record.

Statements in a semi-narrative or summary form are not acceptable. Law practices must provide trust account statements showing the prescribed detail.

Law Practice Must Send a Statement:

The law practice must send a trust account statement as soon as practicable after:

- i) completion of the matter;
- ii) receiving a reasonable request from the person on whose behalf the money is held or controlled;
- iii) 30 June each year, unless exempted by provision of Regulation 60(7).

The Regulations require that trust account statements are to be furnished as soon as practicable after 30 June each year.

In relation to the term “as soon as practicable”, the following provides some guidance to the meaning of the phrase.

The statement is a reflection of the transactions in the ledger and the validity of the ledger is generally not confirmed until the bank reconciliation and trial balance statements have been completed. These are required to be completed within 15 working days of month end. It is therefore probable that the statements required to be sent “as at 30 June” could not reasonably be sent until late mid to late July each year.

A law practice’s ability to furnish statements promptly may depend on factors including:

- size of the ledger;
- accounting facilities; and
- staff numbers.

CONTACT

If you have any queries, please contact:

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