

**TRUST AND OFFICE  
ACCOUNTING  
PRACTICAL GUIDE**



**LAWSKOOL.COM.AU**

**LAWSKOOL PTY LTD**

## TABLE OF CONTENTS

<b>HOW TO USE THIS PRACTICAL GUIDE .....</b>	<b>4</b>
<b>PART 1: TRUST MONEY AND OFFICE MONEY.....</b>	<b>5</b>
<b>1. TRUST MONEY .....</b>	<b>5</b>
1.1 WHAT IS TRUST MONEY?.....	5
1.2 STATUTORY COMPLIANCE .....	5
1.3 STEPS IN TRUST ACCOUNTING .....	7
1.2.1 QUEENSLAND EXAMPLES .....	7
1.2.2 NSW EXAMPLES .....	8
1.3 PRACTICAL SCENARIOS & PRACTICE QUESTIONS .....	8
<b>2. OFFICE MONEY.....</b>	<b>10</b>
2.1 WHAT IS OFFICE MONEY?.....	10
2.2 TRANSFER FROM TRUST TO OFFICE .....	10
<b>PART 2: RECORD KEEPING .....</b>	<b>12</b>
<b>3. PRIMARY RECORDS OF TRUST MONEY .....</b>	<b>13</b>
3.1 RECEIPTS.....	13
3.2 BANK DEPOSIT FORMS .....	14
3.3 CHEQUES.....	15
3.4 EFT PAYMENTS .....	16
3.4 PRACTICAL SCENARIOS & PRACTICE QUESTIONS .....	16
TEMPLATE PRIMARY RECORDS .....	18
<b>4. SECONDARY RECORDS OF TRUST MONEY.....</b>	<b>21</b>
4.1 STAGE 1 .....	21
4.1.1 CASH BOOKS.....	21
4.2 STAGE 2 .....	22
4.2.1 THE LEDGER.....	22
4.2.2 THE TRUST TRANSFER JOURNAL .....	23
4.3 PRACTICAL SCENARIOS & PRACTICE QUESTIONS .....	24
TEMPLATE SECONDARY RECORDS .....	25

<b>5. OFFICE ACCOUNT RECORDS</b> .....	<b>28</b>
5.1 PRIMARY OFFICE ACCOUNT RECORDS.....	28
5.2 SECONDARY OFFICE ACCOUNT RECORDS .....	28
5.3 GENERAL REQUIREMENTS.....	29
<b>6. RECORDS OF OTHER TRUST MONEY</b> .....	<b>30</b>
6.1 CONTROLLED MONEY .....	30
6.2 TRANSIT MONEY .....	30
6.3 POWER MONEY .....	31
6.4 WRITTEN DIRECTION MONEY .....	31
6.5 INVESTMENT MONEY .....	31
<b>7. MULTIPLE CHOICE EXAM TIPS</b> .....	<b>32</b>
<b>SOURCES CONSULTED</b> .....	<b>41</b>

Sample

## HOW TO USE THIS PRACTICAL GUIDE

This practical guide has been developed for your assistance in the practical legal training unit Trust and Office Accounting. This guide is structured in a way that aims to aid your development of theoretical knowledge and practical skills in three key topics or areas of:

1. Trust money and other money;
2. Primary records;
3. Secondary records.

The types of assessment in this practical legal training unit currently include completion of a practical workbook and an exam with multiple choice and short answer questions. Lawskool Pty Ltd recommends that you follow this practical guide in the order as it appears. This involves:

1. Acquiring the theoretical knowledge of principles and regulations of trust and office accounting;
2. Applying that knowledge to work through practical tasks in a way that ensures you understand the steps taken along the way.

Throughout your studies, you may adopt an engaged learning style which enables you to actively explore ideas and issues about a topic, and connect with your peers and mentors about real life situations and how they apply to the topic. Lawskool Pty Ltd hopes that you may use this practical guide as a tool in your engagement about trust and office accounting in your practical legal training course.

## PART 1: TRUST MONEY AND OFFICE MONEY

### 1. TRUST MONEY

#### 1.1 WHAT IS TRUST MONEY?

- Trust money is essentially money that is **entrusted** by someone to someone else or being held on their behalf.
- TRUST MONEY IS **NOT** YOUR MONEY! This is a central point to remember as a legal practitioner.
- For example, in Queensland, trust money is defined under s 237(1) of the *Legal Profession Act 2007 (Qld)* as:  
*money entrusted to a law practice in the course of or in connection with the provision of legal services by the practice.*
- Trust money includes money that is received by a law practice:
  1. Before the client is provided with legal services;
  2. As controlled money;
  3. As transit money; and
  4. As money subject to a power.

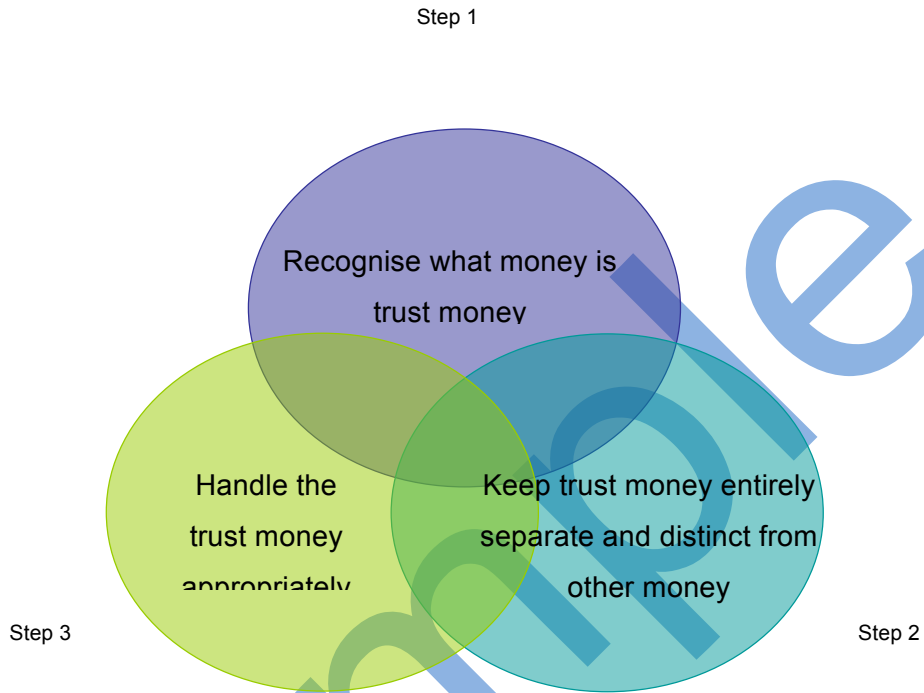
#### 1.2 STATUTORY COMPLIANCE

- Every legal practitioner has a responsibility to safeguard their clients' money.
- Trust accounting requires strict compliance with statutes and regulations. The principal Acts and Regulations of each jurisdiction are outlined in the table over the page.

<b>Jurisdiction</b>	<b>Act</b>	<b>Regulation</b>
<b>New South Wales</b>	<i>Legal Profession Uniform Law 2015 (NSW)</i>	Repealed
<b>Victoria</b>	<i>Legal Profession Uniform Law Application Act 2014 (Vic)</i>	<i>Legal Profession Regulations 2005</i>
<b>Western Australia</b>	<i>Legal Profession Act 2008 (WA)</i>	<i>Legal Profession Regulations 2009</i>
<b>Tasmania</b>	<i>Legal Profession Act 2007 (Tas)</i> <i>Legal Profession Amendment Act 2008 (Tas)</i>	<i>Legal Profession Regulations 2008</i> <i>Legal Profession Amendment Regulations 2008</i>
<b>Queensland</b>	<i>Legal Profession Act 2007 (Qld)</i>	<i>Legal Profession Regulations 2007</i>
<b>Northern Territory</b>	<i>Legal Profession Act 2006 (NT)</i>	<i>Legal Profession Regulations 2007</i>
<b>Australian Capital Territory</b>	<i>Legal Profession Act 2006 (ACT)</i>	<i>Legal Profession Regulations 2007</i>
<b>South Australia</b>	<i>Legal Practitioners Act 1991 (SA)</i>	<i>Legal Practitioners Regulations 2014</i>

### 1.3 STEPS IN TRUST ACCOUNTING

- Generally, compliance with trust accounting statutory requirements may be categorised in three interrelated steps categorised as follows:



◆◆◆◆

**To order the complete version of the Lawskool Trust and Office Accounting Practical Guide please visit [www.lawskool.com.au](http://www.lawskool.com.au)**