

The Qualified Lawyers Transfer Test – QLTT

Professional Conduct and Accounts

One World Studies, Inc.
176 Finchley Road Hampstead
London NW3 6BT UK

Tel: + 44 (0) 870 460 1793

Fax: + 44 (0) 870 460 1792

Email: info@onewstudies.com

Web: <http://www.onewstudies.com>

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PROFESSIONAL CONDUCT AND ACCOUNTS – MOCK EXAMINATION 1

Time allowed: 3 hours

Candidates must answer all questions

Part I - Financial Services

You are a solicitor who specialises in a family law firm. One of your clients is a man who is in the process of divorcing his wife. The two main assets are the matrimonial home, secured by an interest only mortgage and a joint life assurance policy. There is also a small company run by your client and his brother, although his wife and his brother's wife also own shares therein.

A proposal has been made by the wife's solicitor for the husband to transfer his interest in the house and the life policy to his wife, in exchange for which the wife will transfer her shares in the company to him. The husband asks you to advise him on this proposal and any alternatives. You would first like to advise him about the company and then discuss the alternatives regarding the house, including selling the house and both of them surrendering or assigning the endowment insurance for cash.

Your firm is not authorised by the Financial Services Authority.

- (a) How can you supply the husband with the appropriate advice and assist him with the necessary acquisitions and disposals?
(20 marks)
- (b) In addition, with which record-keeping and compliance procedures will you have to comply?
(5 marks)
- (c) You recently acted for both the husband and the wife on the purchase of their jointly owned matrimonial home at 101 Cash Avenue. You performed the usual client identification checks according to the Money Laundering Regulations 2003. The husband now instructs you to proceed with the sale of the joint home. He tells you that they have moved out of their old home and into rented accommodation at number 95 Cash Avenue. You question the client about the temporary move and he becomes evasive. Is there any problem proceeding with the purchase?
(5 marks)

Total 30 marks

Part II- Professional Conduct

Question 1

Your firm's new glossy brochure ends with a quotation from you saying: "You can't do better than come to me. I always win my cases and get you enormous damages. It needn't cost you a penny. No win, no fee!" What issues of professional conduct are involved (if any)?

(4 marks)

Question 2

You agree that you will collect your client from his house to take him to Court in order to give evidence. When you arrive, you see a note attached to the door informing you that your client has overseas.

- (a) What should you tell the Judge?
- (b) In the event that your client was in fact waiting for you at his house, but then asked you to drive him to the airport rather than take him to Court, would your answer to (a) above differ?

(6 marks)

Question 3

You bought a house three years ago for a director of a small company for whom you act, and the house was in the joint names of the director and his wife. You go to dinner with them about twice a year. The company was taken over 6 months ago and you stop acting. The couple separate and the wife asks you to act in the divorce.

Could you act for the wife in the divorce?

Would your answer differ if (a) the husband had asked you to act for him, or (b) both husband and wife approached you to act for them?

(6 marks)

Question 4

You instruct a medical expert on behalf of a client to prepare an expert's report on your client's injuries sustained in a road traffic accident.

The expert's report is delivered to your office at a time when you are under considerable pressure from other clients and you simply put the report in the file without reading it.

Had you read the report, you would have discovered that it contained an error prejudicial to your client's case. As a result of this error, your client loses his case.

What action can the client take against you?

(6 marks)

Question 5

You represent Mr. and Mrs. Smith in the sale of their house. The Smiths also owe a debt of £5,000 to Creditor Ltd, for which they have received a letter before action.

In April 2002 you write the following letter to Creditor Ltd:

Dear Creditor Ltd,

We confirm we act for Mr. and Mrs. Smith. We are selling their home on their behalf. The market is a little slack at the moment, but we hope to be able to sell the property within the next two or three months.

We have our clients' instructions to pay the £5,000 debt owing to you from the proceeds of sale. In the circumstances, we would ask you to please refrain from taking the Court proceedings you recently threatened against our clients.

Yours faithfully

In July 2002 the house was sold. Your clients bought another property with the proceeds of sale. There are insufficient funds left to pay any of the debt owed to Creditor Ltd.

What legal and disciplinary remedies (if any) are available to Creditor Ltd?

(8 marks)

Total 30 marks

Part III - Accounts

You are asked by the partners of your firm to review the records which the firm's bookkeeper has made and to give your opinion as to whether or not the bookkeeper has been complying with the Solicitors' Accounts Rules 1998.

Please explain with regard to each of the following transactions the following matters:

- i) Whether office money or client money or both or neither is involved.
- ii) Identify and indicate the accounts in which the appropriate double entry should be recorded.
- iii) Show all possible alternatives.

You may assume that unless otherwise indicated, cheques received by the firm were made payable to the firm.

Please give full reasons to justify your answers.

a) You act for the executors of the late Mrs. Abrahams. The bank opens a loan account and lends the executors £45,000 with which to pay the inheritance tax. Today you receive from the bank a cheque for £45,000 which is made payable to the Inland Revenue.

(2 marks)

b) You receive a cheque for £2,000 on account of costs from your client, Stuart. Today you pay a disbursement of £2,200 from the office account on behalf of Stuart.

(6 marks)

c) You send a bill of costs to Brian, showing the following:

Professional Charges	£1,000
VAT	£175
Counsel's fee (unpaid)	<u>£600</u>
Total	£1,775

Today you receive a cheque for £1,775 from Brian.

(6 marks)

d) You receive £5,000 in cash from Henry, your client, who instructs you to pass over the entire amount to Julian, in respect of a settlement agreed between them.

(4 marks)

e) You hold £500 on the client account on behalf of your client, Mr.. Howell. A payment of £400 for Stamp Duty needs to be made.

(2 marks)

f) The firm is acting on behalf of Arnold, an employee, with regard to the sale of his flat. The purchase money of £50,000 is received by your firm.

(2 marks)

g) You receive a cheque for £900 from Michael. The payment is in respect of a bill of costs of £2,000 plus VAT which was delivered to her last week in relation to work done for her. Her mother, Louisa, also a client of yours, has instructed you to cover the remaining debt from the £4,500 held on her behalf in the client account.

(6 marks)

h) You are currently holding £800 on behalf of your client, Thomas. You pay £150 in cash to a translator out of petty cash.

(4 marks)

i) Cole, Clement & Co. solicitors are instructed by your firm on behalf of your client, Martin. The instructed firm delivers you an invoice made out to your firm. In response, you send Cole & Co. a cheque for £587.50 (which sum includes VAT). You currently hold £900 on behalf of Martin in the client account.

(4 marks)

j) You receive a cheque of £200 which is made out to Stephen, your client. The money is received in respect of a settlement agreement that was signed between Stephen and Ms. Williams, his tenant.

(4 marks)

Total 40 marks

Qualified Lawyers Transfer Test Course Application Form 2007/8

Personal Details

First name: _____

Surname: _____

Gender (male/female): _____

Address: _____

City: _____

Country: _____

Postcode: _____

Tel no: _____

Mob: _____

Fax no: _____

Email address: _____

I am a qualified lawyer in: _____

- I have already obtained my Certificate of Eligibility.
 I have applied for a Certificate of Eligibility. My application is in process.
 I have not yet obtained a Certificate of Eligibility. Please send me an application form along with the course materials.

Test venue - London

- March 2007 June 2007 November 2007 March 2008
 I have not decided yet. I Will apply when I am ready.

Test venue - Sydney, Hong Kong, New Delhi or Mumbai - on Professional Conduct and Accounts

- 24 April 2007 24 October 2007 April 2008
 I have not decided yet. I Will apply when I am ready.

Course Materials

For all three written Heads (Property, PCA and Litigation)

- > Distance learning materials
> Video lectures on CD-ROM

> Access to the QLTT on-line programme

I would like to register for the following courses (please tick as appropriate)

*You do need to hold a Certificate of Eligibility to enrol for a course(s)

- Property - £250.00
 Civil Litigation - £250.00
 Professional Conduct and Accounts - £250.00
 Principles of Common Law - £50.00
(manual, video lectures and access to the QLTT on-line programme)

Delivery

Postage within Europe - £40.00

Postage to other destinations
(according to the number of Heads):

- 1 Head - £40.00 2 Heads - £60.00
 3 Heads - £75.00 4 Heads - £90.00

1. All materials are sent by a special delivery service (allow for 5-8 business days). Delivery times are from the times an order is placed. They include approximately two business days for order processing prior to shipment. They do not include time in local custom, if any. Delivery may require a signature for receipt.

2. Shipping costs do not include import taxes, if any. Any taxes added by the local government are the responsibility of the customer.

3. Course fees are non-refundable and must be paid in full upon enrolment. Bookings will not be processed until payment is received. The copyright of all course materials remains that of One World Studies. Such materials may not be reproduced whether in whole or in part, by any method whatsoever, without prior permission having been given in writing by One World Studies. Once supplied course materials become the personal property of the candidate to whom they are issued and may not be used by any other person.

Total amount: _____

Method of Payment

Banker's Draft - payable to One World Studies

Bank Transfer - the banking details are as follows:

Bank: HSBC Bank Plc

Account Name: One World Studies

Account Number: 12212277

Sore Code: 400328

Swift Code: MIDLGB22

IBAN: GB55MIDL40032812212277

*Remittance must be free from any commission charges by the bank.

Credit/Debit Card Visa \ MasterCard \ Switch \ Solo \ JCB

Cardholder's name _____

Expiry date ____/____

Security code _____

*For your safety and security, we require that you enter your card's verification number, which is a 3-digit number printed on the back of your card. It appears after and to the right of your card number.

Please fax this form to + 44 (0) 870 460 1792 or mail to One World Studies, 176 Finchley Road, Hampstead, London NW3 6BT, UK.

Signature _____ Date _____

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