

## SRA Accounts Rules

### Part 4: Accountants' reports and storage and retention of accounting records

#### Rule 12: Obtaining and delivery of accountants' reports

- 12.1 If you have, at any time during an accounting period, held or received client money, or operated a joint account or a client's own account as signatory, you must:
- (a) obtain an accountant's report for that accounting period within six months of the end of the period; and
  - (b) deliver it to the SRA within six months of the end of the accounting period; ~~and if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to clients or third parties is, or has been, or is likely to be placed, at risk.~~
  - (c) submit a declaration to the SRA, in the *prescribed* form and by the prescribed date, confirming your exemption status under rule 12.2; and
  - (d) ensure that you and the accountant make any other declarations to the SRA as *prescribed*.
- 12.2 You are not required to obtain an accountant's report if **either**:
- (a) all of the client money held or received during an accounting period is money received from the Legal Aid Agency; or
  - (b) in the accounting period, the statement or passbook balance of client money you have held or received does not exceed:
    - (i) an average of £10,000; and
    - (ii) a maximum of £250,000,or the equivalent in foreign currency; **and**

- (c) you submit a declaration to the *SRA*, in the *prescribed form* and by the *prescribed date*, confirming your exemption status.

12.3 In rule 12.2 above a "statement or passbook balance" is the total balance of:

- (a) all *client accounts* held or operated by you; and
- (b) any joint accounts and *clients'* own accounts operated by you,

as shown by the statements obtained under rule 8.2.

12.4 The *SRA* may require you to obtain or deliver an accountant's report to the *SRA* on reasonable notice if you cease to operate as an *authorised body* and to hold or operate a *client account*, or the *SRA* considers that it is otherwise in the public interest to do so.

12.5 You ensure that any report obtained under this rule is prepared and signed by an accountant who is a member of one of the *chartered accountancy bodies* and who is, or works for, a registered auditor.

12.6 The *SRA* may disqualify an accountant from preparing a report for the purposes of this rule if:

- (a) the accountant has been found guilty by their professional body of professional misconduct or equivalent; or
- (b) the *SRA* is satisfied that the accountant has failed to exercise due care and skill in the preparation of a report under these rules.

12.7 The *SRA* may specify from time to time matters that you must ensure are incorporated into the terms on which an accountant is engaged.

12.8 You must provide to an accountant preparing a report under these rules:

- (a) details of all accounts held or operated by you in connection with your practice at any *bank*, *building society* or other financial institution at any time during the *accounting period* to which the

report relates; and

- (b) all other information and documentation that the accountant requires to enable completion of their report.

12.9 The accountant must complete, ~~and~~ sign and date their report in the *prescribed* form.

**Rule 14: Commencement, revocation, and transitional provisions**

**14.1** Rules 12.1(b), 12.1(c), 12.1(d), 12.2(c) and 12.9 come into force on a date to be determined by the SRA.

**Supplemental notes**

Made by the SRA Board on 21 April 2026.

Made under sections 32, 33A, 34, 37 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, and section 83(5)(h) of, and paragraph 20 of Schedule 11 to, the Legal Services Act 2007.

## SRA Regulatory and Disciplinary Procedure Rules

### Rule 11: Fixed financial penalties

11.2 The prescribed breaches are:

- (a) SRA Transparency Rule 1.5
- (b) SRA Transparency Rule 2.1
- (c) SRA Transparency Rule 4.1
- (d) SRA Authorisation of Firms Rule 13.4
- (e) SRA Authorisation of Firms Rule 13.6
- (f) SRA Financial Services (Scope) Rule 5.3
- (g) SRA Financial Services (Scope) Rule 5.4;
- (h) SRA Code of Conduct for Firms Rule 3.3(a); or
- (i) SRA Code of Conduct for Firms Rule 2.1 and/or 3.8(a) in respect of material changes or inaccurate or incomplete information provided about:
  - (i) COLPs and/or COFAs (with reference to Rule 8.1 SRA Authorisation of Firm Rules)
  - (ii) Managers and *owners* (with reference to Rule 9.1 SRA Authorisation of Firm Rules)
  - (iii) Non-authorized *material interest* holders in *licensed bodies* (with reference to paragraphs 21 to 24 of Schedule 13 to the Legal Services Act 2007)
  - (iv) Beneficial *owners*, officers and/or *managers* of firms which are independent legal professionals (ILPs) and/or tax advisers (with reference to Regulation 26 of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended from time to time) (the MLRs)
  - (v) Beneficial *owners*, officers and/or *managers* of firms which are trust or company service providers (TCSPs) (with reference to Regulations 56 and 57 of the MLRs)
  - (vi) Money laundering reporting officer and/or money laundering compliance officer of an ILP, TCSP and/or tax adviser (with reference to Regulation 21 of the MLRs)
- (j) SRA Accounts Rule 12.1(b);
- (k) SRA Accounts Rule 12.1(c);
- (l) SRA Accounts Rule 12.1(d);
- (m) SRA Accounts Rule 12.2(c).

### Rule 12: Commencement provision

**12.1** The amendments to rule 11.2 made by inserting sub-paragraphs (j) to (m) come into force on a date to be determined by the SRA.

**Supplemental notes**

Made by the SRA Board on 21 April 2026.

Made under sections 32, 33A, 34, 37 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, and section 83(5)(h) of, and paragraph 20 of Schedule 11 to, the Legal Services Act 2007.