

ACCOUNTING BY CAMPBELL, SMITH & CO.

A SMALL FIRM WITH A MIXED PRACTICE

1. On June 5 Mrs. Blossom Bloomingdale attended on Mr. Campbell in great distress, her marriage having broken down. She wishes to retain his services for three matrimonial proceedings, divorce, custody of children and division of matrimonial property.
2. Mr. Campbell advises her that these are separate matters and in respect of the divorce the fee is a lump sum of \$20,000 and the firm will be responsible for the expenses; in respect of the custody of children, the fee will be a retainer of \$10,000 plus \$10,000 per hour; and in respect of the matrimonial property there would be a brief fee of \$150,000 to cover preparatory work and the first day of hearing and refreshers of \$10,000 per day thereafter. Three Letters of Engagement are prepared and signed by Mrs. Bloomingdale - **Docs. 1, 2 & 3**. See **JAMBAR Newsletter, October 1998**.
3. On the same day Mrs. Bloomingdale pays the \$23,000 for the divorce proceedings, \$11,500 for the retainer in the custody matter and \$23,000 on account in respect of the property matter in one cheque totalling \$57,500.
4. Mr. Campbell gives her a **receipt** itemizing the payments - **Doc. 4** and a Fee Note for each payment which includes G.C.T. - **Docs. 5, 6, 7**.
5. On June 6 the cheque is paid into the Client's Trust Account K1111-1. Lodgement slip made up - **Doc. 8**. Entry made in Cash Book and on Client's Ledger.
6. On June 10, cheque for \$31,500 is drawn in favour of Campbell, Smith & Co. being the fee for the divorce and the retainer in the custody matter and lodged to the Office Account of the firm. Cheque stub written up - **Doc. 9**. Entry made in Cash Book and on Client's Ledger.
7. On July 6 and 7 the summons for custody is heard and Mr. Campbell provides Mrs. Bloomingdale with a Fee Note for \$80,000 plus \$12,000 for G.C.T. - **Doc. 10** and this is paid by Mrs. Bloomingdale on July 15.
8. Cheque for \$92,000 lodged to Office Account. Receipt given to Mrs. Bloomingdale - **Doc. 11**. Entry made in Cash Book and on Client's Ledger.
9. On July 30, Mrs. Bloomingdale pays a further \$50,000 in respect of the matrimonial property issue. Lodgment slip made up and lodgment made to Client Account K1111-1 - **Doc. 12**. Entry made in Cash Book and Client's Ledger Card.
10. On July 30, Mr. Campbell submits a Fee Note for \$50,000 plus G.C.T. of \$7,500 in respect of the matrimonial property - **Doc. 13**.

11. Cheque for \$57,500 drawn on Account K1111-1 in favour of Campbell, Smith & Co. Receipt - **Doc. 14**. Entries made in Cash Book and on Client's Ledger.
12. On September 15, the Order Nisi is made in the divorce proceedings.
13. On September 28 and 29 the originating summons in the matrimonial property dispute is heard and Mrs. Bloomingdale awarded 50% of the properties and Bank Accounts.
14. On September 29 Fee Note for \$90,000 plus \$13,000 for G.C.T. is rendered by the firm and Mrs. Bloomingdale pays that amount on September 30. Receipt given her - **Doc. 15** and cheque for \$103,500 lodged to Office Account. Entries made in Cash Book and on Client's Ledger.

ACCOUNT CLOSED

CAMPBELL SMITH & CO.								CASE STUDY 3
CLIENT TRUST LEDGER ACCOUNT								
Mrs. Blossom Bloomingdale - K1111-1								
Transaction	Date		CLIENT			OFFICE		
			Debit	Credit	Balance	Debit	Credit	Balance
3 & 4	5-Jun	Divorce		23,000	23,000			
		Custody		11,500	34,500			
		Property		23,000	57,500			
3 & 4	5-Jun	Fees				57,500		57,500
6	10-Jun	Fees - Divorce	13,000		23,000		34,500	23,000
		- Custody	11,500					
7	July 6 & 7	Fees				92,000		115,000
7	15-Jul	Fees - Custody		92,000	115,000			
			92,000		23,000		92,000	23,000
9	30-Jul	Fees - Property		50,000	73,000			
			57,500		15,500	57,500		
10	30-Jul	Fees					57,500	80,500
11								
14	21-Sep	Fees				103,500		126,500
14	30-Sep	Fees		103,500	119,000		103,500	23,000
		Fees	103,500		15,500			

**CAMPBELL SMITH & CO.
CLIENT TRUST ACCOUNT
CASH BOOK**

CASE STUDY 3

Transaction	Date		Receipts	Payments	Balance
3 & 4	5-Jun	Mrs. Blossom Bloomingdale	57,500		57,500
	10-Jun	Campbell Smith & Co.		34,500	23,000
	15-Jul	Mrs. Blossom Bloomingdale	92,000		115,000
	"	Campbell Smith & Co.		92,000	23,000
	30-Jul	Mrs. Blossom Bloomingdale	50,000		73,000
11	30-Jul	Campbell Smith & Co.		57,500	15,500
	29-Sep	Mrs. Blossom Bloomingdale	103,500		119,000
	"	Campbell Smith & Co.		103,500	15,500

CASE STUDY 3

CAMPBELL SMITH & CO.

OFFICE CASH BOOK

Transaction	Date		Fees	GCT	Total
6	6-Jun	Mrs. Blossom Bloomingdale	30,000	4,500	34,500
7	15-Jul	Mrs. Blossom Bloomingdale	80,000	12,000	92,000
11	30-Jul	Mrs. Blossom Bloomingdale	50,000	7,500	57,500
14	29-Sep	Mrs. Blossom Bloomingdale	90,000	13,500	103,500

(Case study #3)
(Document #10)

**CAMPBELL, SMITH & CO
ATTORNEY-AT-LAW
111 LAWS STREET, KINGSTON
JAMAICA**

Invoice #16

GCT #123456789

TO: Mrs. Blossom Bloomingdale

DATE: July 7, 1999

ITEM: Attendance in chambers on
July 6 and 7, total of 8 hours,
on hearing of application for
custody; \$10,000 per hour x 8
(as per Letter of Engagement
dated 5/6/99)

\$80,000

GCT on \$80,000 @ 15%

\$12,000

Total Due

\$92,000