

A SOLICITOR'S INTRODUCTION TO ACCOUNTS. By Donald B. Williams and Melvyn A. Stein. London, Great Britain: Sweet & Maxwell. 1975. Pp. 150. Available through Carswell Company Limited. Cloth \$9.90, Paper \$6.10.

This is a small book, one of the concise college texts published by Sweet & Maxwell. It is a difficult book to recommend to Canadian solicitors. The authors are practicing English solicitors and their concern, of course, is with the accounting practices in the office of the English solicitor.

Perhaps, I should begin with a personal judgment. In my view, this book fails on several grounds to recommend itself to us. It omits material that is relevant while it includes, in a superficial way, subjects that are only of a passing interest to a solicitor in his office practice. As we shall see, it has many inaccuracies. I would compare Williams' and Stein's book unfavourably with the excellent publication entitled *Accounting in a Law Office* by K. H. C. Laundy.¹ Mr. Laundy writes a fine small book on the accounting practices in an Ontario law office.

Because the authors are lawyers, rather than accountants, Williams and Stein take the accounting profession to task. Accountants, we are told, have rendered their own expertise unintelligible. The authors lower their sights in setting out to unravel the mysteries of double-entry bookkeeping, analysis of financial statements, partnership accounting, solicitors accounting, corporate accounting, accounting for value added taxes and for takeovers and amalgamations. The authors tell us that they will use a "new approach" without an explanation of what form this approach will take. They seek to "challenge the accountancy dragon and bring it to book". To assist in bringing the dragon to book, Williams and Stein, ironically, are assisted by Leonard Lazarus, F.C.A. We might reasonably expect that Mr. Lazarus made the subject of accounting more intelligible to the authors than it had been at the outset.

The authors begin with an elementary introduction to the basic principles of accounting. The first five chapters, approximately one-third of the book, trace a transaction from the journal entry to the books of original entry and, then, to the final accounts or financial statements of the business. This introductory examination includes an analysis of the final accounts and also a review of partnership accounts. The next third of the book is one Chapter entitled "Solicitors' Accounts". We are introduced to the accounting practice of handling clients' monies, billings, petty cash, deposits, dishonoured cheques and a myriad of other matters which are familiar to solicitors. The last third of the book, consisting of Chapters 7, 8 and 9, is a hodge-podge of considerations under the titles of "Limited Companies", "Value Added Tax" and "Takeovers and Amalgamations".

For Williams and Stein it is most important that accounting be reduced to quick and simple rules. This is not surprising as Williams and Stein tell

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us that, in its present state of development, accounting is not understandable to them. The authors feel comfortable with the certainty of absolute principles. Unfortunately, accounting methods vary with each application and there is no room in this art for absolute rules. Williams and Stein tell us, literally, that we might know a debit by the fact that a debit is always the "RECEIVING of monies, services or goods" and a credit is always a "GIVING of monies, services or goods". We are reminded that, "credit" contains an "r" and "r" signifies "right", and this is double-entry bookkeeping. This approach is misleading and, in my view, it makes an understanding of the treatment of such items as depreciation, bad debt expenses, deferred charges, prepaid expenses and inventory accounts more difficult to comprehend. The words "debit" and "credit" are unfortunate accounting terms. These words have no easy or plain meaning apart from their location in a journal entry—each transaction is represented by two equal entries one on the left (debit) and one on the right (credit).

The book has numerous inaccuracies. It is plainly wrong to say that "net realizable value" is the process of valuing closing stock at cost price or market price, whichever is the lower. Nor is it true that the profit and loss statement is part of the double-entry system of bookkeeping but that the balance sheet is *not* a part of the same system. Both statements result directly from the application of double-entry bookkeeping. Nor is it correct, in depreciating assets, to credit the asset account with the amount of the depreciation as Williams and Stein tell us it should be done.

What stands out in this book is the unevenness of the materials discussed. In the chapter on partnership accounts, the three methods of admitting new partners to a partnership are well illustrated and simply explained in three pages. Regrettably, less than four lines of narrative is afforded to the accounting treatment of withdrawals of partners or dissolutions of partnerships. In other sections of the book the material hardly scratches the surface of a subject and leaves us wondering why it was attempted at all. Takeovers and amalgamations, a very difficult subject and hardly one to be included in a solicitor's introduction to accounts, is handily disposed of in four pages of narrative without a single illustration.

The Canadian reader is beset by more than the problem of inaccuracy. The accounting terminology of the English solicitor's accounts is considerably different from the terminology with which the Canadian solicitors are familiar. The English general ledger is divided into three categories unknown to us: Impersonal or Nominal Ledger, Private Ledger, Personal Ledger. An English solicitor holding a purchaser's deposit in a conveyancing matter is referred to as a "Stakeholder", whereas the Canadian solicitor would regard such a deposit in his possession as trust monies. The Solicitors' Account Rules 1967 require that an English solicitor distinguish between "client's money" and "trust money". "Trust money" in English lexicon includes only those funds held by a solicitor as a Trustee under the terms of a Will or a Trust Deed. Generally, "client's money" is all other monies held by

a solicitor on behalf of his client. On the balance sheet the English solicitor puts liabilities on the left side and assets on the right side—in Canada we reverse these positions.

Being highly adaptable in nature, accounting teaches us a great deal about the institution or organization for which the accounts are prepared. Accordingly, we learn that the English solicitor often acts as a collection or management agent for insurance companies, building societies, estates, conveyancers and land proprietors. Perhaps the reason for this practice among English solicitors is the absence of trust companies in the form known to the Canadian business community. In spite of its shortcomings, this book is informative in the manner in which it discusses the solicitor's involvement with client's money and trust money.

In conclusion this book is a practitioners' handbook for English solicitors and, therefore, it is not surprising that this book should not be of practical assistance to the Canadian legal practitioner.

WILLIAM C. V. JOHNSON*

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LEGAL AID HANDBOOK. By Raymond D. Schachter. Toronto: Carswell Co. Ltd. 1975. Pp. 214. \$16.75.

This book represents the first publication in Ontario and, in fact, Canada, with reference to a practical guide to the operation and procedures of the Legal Aid Plan.

The book itself deals only with the Ontario Legal Aid Plan and starts by reviewing the history and origin of the Plan and the various committees which led to the inception of the Ontario Legal Aid Plan in 1967.

This is a practical book in the sense that it has been prepared and written for the practising lawyer to assist him in dealing with the day-to-day problems which a solicitor, acting as Duty Counsel, may have in representing a client under the provisions of the Ontario Legal Aid Act.

The problem with a number of practice books, such as this one, is that it does not take long before the book is out-of-date because of changes in procedure and regulations.

A book, such as the *Legal Aid Handbook*, is useful to any practitioner who is carrying on a practice comprised mainly of Legal Aid work. Much of the information which is available in the book is also available to students-at-law at the Bar Admission Course. However, the book deals with the subject matter in more depth in that it provides examples and suggestions as to how to deal with the various procedures under the Legal Aid Plan.

* B. Comm., 1964, McGill; LL.B., 1968, Queen's University; C.A., 1971. Lecturer in Law, University of Ottawa. Of the firm Jennings, Riley, Nicholls & Johnson, Ottawa, Ontario.