

TRUST ACCOUNTS, 3rd Ed. By Peter M.B. Rowland. [London: Butterworths. 1964. xxv + 405 pp. (incl. appendices and index). £2. 10s. 0d.]

Most lawyers, especially academic lawyers, unless their course of study has included some attempt to acquaint them with the rudiments of accounting, know little or nothing at all about the challenging problems faced by accountants. They tend to regard the accounting profession as a rather dry, complex and boring business of looking after details, where every problem has one answer, as opposed to the legal profession which they find presents challenging problems to which there are no set answers. Accountants, on the other hand, are apt to feel the same way about lawyers, perhaps illustrating a principle that the more one knows about a subject the more one is forced to admit one does not know. Consequently, when, in the introduction to the third edition of his work, *Trust Accounts*, Rowland gently chides the academic lawyer of being conscious of doubts and inconsistencies of which the practising lawyer is unaware, but suggests that the "legal by-way" of trust accounts presents "a confused situation in which practice and rival theories are in conflict", he is disclosing that whatever may be said of his view of the law in general, he knows and understands his subject matter well enough to see its problems.

To anyone who has tasted the neat and beautiful logic of double entry book-keeping, which moves in a graceful two-step to present an unfailingly accurate financial picture, it is blasphemous muddle-headed heresey to suggest that some other method of keeping accounts might do a better job. But that is, of course, exactly what Rowland has done, and the reader who takes enough time to hear him out is in great danger of becoming a convert to the simple straight-forward system which he proposes for trust accounts. Rowland starts from the premise that the double entry system, with its dependency on historical costs, multiple entries, countless ledgers and financial statements which are misleading to the average layman, is unsatisfactory for the purpose of keeping trust accounts, however satisfactory it may be for keeping commercial accounts. He then builds a persuasive argument for his simple system, the books of which are easy to keep and the statements of which present a clear picture to the beneficiaries. Whereas

the traditional balance sheet indicates only the assets of the trust at a particular point of time with no clear indication of the changes that have taken place. Rowland's "capital statement" clearly and concisely traces the history of each asset of the trust or estate, indicating not only what assets are on hand at a particular date, but also what has happened to every asset which has passed through the hands of the trustee. Whereas the traditional double entry system would have difficulty in adequately reflecting the fact that the testator's horse Dobbin died before he could be handed over to the specific legatee, this presents no problem at all for Mr. Rowland, whose system does not require him to record all changes in terms of numbers.

The traditional argument in favour of the double entry system is that by providing an arithmetical check it is infallible, and Rowland, clearly worried about attacks on the fallibility of his system, attempts to prove that the double entry system is also fallible. But here he comes off second best, for after pointing out several mistakes which might be made by a careless double entry accountant he is forced to conclude with the lame argument that "it is no answer that a careful and skilled accountant would not make them." However, the superiority of Rowland's system for trust accounts (and he is careful to limit it to trust accounts) lies not in its infallibility but in the clear, simple but complete financial picture which it presents to the beneficiaries, and it is a system which should be considered seriously by any trustee faced with the problem of keeping trust accounts.

But Rowland's book is much more than a how-to-do-it manual; it also contains a chapter on statutory appointments with a very thorough analysis of the Apportionment Act of 1870 and the cases under that act, a chapter on equitable apportionments with a fine analysis of the rule in *Howe v. Earl of Dartmouth*, and the third edition is distinguished by a timely new chapter on the Trustee Investments Act of 1961. In addition, the appendices, which the publishers have made easily accessible by the simple expedient of binding them separately from the text and then joining the back cover of the text to the front cover of the appendices, contain many helpful examples as well as the text of the Solicitors' Account rules 1945-1959, the Solicitors' Trust Account Rules, 1945, the statutory provisions relating to the distribution of intestates' estates and the Trustee Investments Act, 1961.

One minor criticism: since the book is apt to be subjected to rather extensive use by a trustee who is learning the system, the publishers would be well advised to provide a more substantial binding in order to prevent their "ingenious method of binding" from disintegrating into two books.

On the whole, Rowland's Trust Accounts appears to be a very handy and useful little book and though not particularly helpful to Malaysian law students, it is one which should find its way into the library of every lawyer who acts or is planning to act as a trustee.