

**2025 OVERSEAS LAWYERS
QUALIFICATION EXAMINATION**

HEAD IV: ACCOUNTS

Thursday, 30 October 2025



2025 PART A on Accounts Test Paper

This Part is worth 25 marks. There is one question. You must pass this Part and Part B in one sitting of the Head IV Examination in order to pass this Head.

RESTRICT YOUR ANSWERS TO SOLICITORS' ACCOUNTING ISSUES ONLY.

2025 Overseas Lawyers Qualification Examination

Head IV: Part A on Accounts

Question 1 (25 marks)

- (A) X and Y have agreed to enter into partnership and establish a new law firm in Admiralty, Hong Kong (“the Firm”). They have a reputation for acting for clients who offer investment products linked to crypto currency, bitcoin as well as dealing with immigration and other such issues. Their clients are located in Asia Pacific. X and Y travel extensively. X is of the view that his girlfriend, Z, should be engaged as the Firm’s bookkeeper. Z did work as an accounts clerk some five years ago in a trading company. Y has also suggested that his wife, P, can be a signatory of the Firm’s bank accounts. X and Y agreed that this was the best way forward to ensure that the Firm’s books were properly kept.

Comment and advise X and Y upon any solicitors’ accounting issues arising out of the above.

(7 marks)

- (B) What do you understand by the term “Management Accounts” for a firm of solicitors? How would such Management Accounts enhance and assist the partners in their running and supervision of the Firm’s accounting systems and enable the Firm to enhance oversight?

(6 marks)

- (C) The Firm has asked you to provide a memorandum to cover the following issues:

- (i) They have asked you whether they need to have a client bank account.

(2 marks)

(See the next page for a continuation of Question 1)

(ii) The Firm has been advised by their accountant that in their client account a sum of HK\$500,000 has been received but they have difficulties in ascertaining who paid this and what this sum was for. Advise as to any issues or steps to be taken in dealing with this issue.

(2 marks)

(iii) The accountant also advised that they are holding the sum of HK\$1 million in client account on behalf of an old client. However, they have not heard from him for many years. What steps and advice should be given.

(2 marks)

(D) X and Y have decided to consider utilizing online banking to deal with all matters relevant to the day-to-day running of the Firm. They have been told that this is an essential tool in managing the Firm.

X and Y ask you to provide them with a note to assist in enabling the Firm to comply with the Solicitors' Accounts Rules in relation to any issues arising from the use of online banking.

(6 marks)

End of Part A (Accounts)

**2025 OVERSEAS LAWYERS
QUALIFICATION EXAMINATION**

**HEAD IV: PROFESSIONAL
CONDUCT**

Thursday, 30 October 2025



2025 PART B on Professional Conduct Test Paper

This Part is worth 75 marks. You must pass this Part and Part A in one sitting of the Head IV Examination in order to pass this Head. Each question must be answered.

2025 Overseas Lawyers Qualification Examination

Head IV: Part B on Professional Conduct

Question 1 (25 marks)

Andrea is a solicitor in the litigation department of a mid-sized firm. She was admitted in 2015 and deals with a wide range of commercial disputes concerning sale & purchase agreements to shareholders and partnership disputes.

At about 4pm on 15 November 2024, she received a telephone call from Bernard, her cousin. She was surprised to hear from him as they had not spoken for several years after he moved to Singapore to become a luxury hotel manager. Bernard explained that he had returned to Hong Kong in the autumn of 2023 and apologised for not having been in touch. He went on to explain that he needed some 'free advice' about a business arrangement which he had entered into.

Bernard explained that he had entered into a partnership with Charles and Diana to run a 'high-class' restaurant in Wan Chai, Hong Kong (the "Restaurant"). The agreement was that Charles would supply 50% of the start-up funding (the rest would come from 15% contributions from each of Bernard and Diana plus a loan); Bernard would manage the restaurant; and the profits would be divided equally between the three of them.

The Restaurant opened in February 2024 and had done very well. Charles, however, claimed that it should have made more money and that Bernard was incompetent. He demanded more of the profits to reflect his own 'financial contribution' and that Bernard resign. Bernard objected and Charles threatened to 'Throw [me] out of [my] own restaurant'. Diana hadn't been involved in running the restaurant or this dispute as she had been preoccupied with a 'messy divorce'.

(See the next page for a continuation of Question 1)

The law firm Bernard and the others retained when entering into the partnership had ceased trading upon the retirement of Victor, its sole practitioner, which is why Bernard called Andrea for advice. She gave Bernard some basic information about partnership law and the two of them agreed that he would visit her office, with all the relevant documentation, the following week for a formal meeting. In the event, he didn't turn up and Andrea heard nothing more from him. On 12 December 2024, Andrea was contacted by Charles in relation to the same matter. He informed her that Bernard had instructed another firm and was threatening legal proceedings. She was subsequently instructed to act for Charles in relation to the dispute. Shortly after writing to Bernard's new solicitors, she received a reply from them indicating that they would be complaining to the Law Society about her conduct and seeking an interlocutory injunction to restrain her and her firm from representing Charles.

Question (a)

Identify any acts of professional misconduct on the part of Andrea.

(10 marks)

Although Charles did not accept that Andrea or he had acted improperly, he decided to instruct another solicitor – Edward – to 'avoid any difficulties'. He was encouraged, in part, to instruct Edward on the basis of a comment on his firm's website which stated 'Edward has a 100% success rate in solving our client's business problems'. Edward agreed to act for Charles on the basis that the firm would defer its fees (with the exception of disbursements) until the conclusion of the matter and would receive 10% of the Restaurant's gross profits for a six-month period thereafter. Edward and Charles also agreed that Edward would not be held liable for any failure to succeed in the claim.

Edward was assisted in the matter by Fred, who qualified in September 2024. As Edward was very busy with a major dispute involving parties in both the mainland and Hong Kong, he left much of the day-to-day work to Fred.

(See over the page for a continuation of Question 1)

Whilst he was in the process of compiling Charles' List of Documents for the purpose of discovery, Fred came across a hard copy of an e-mail between Charles and Victor which stated:

"Dear Victor,

We have found someone to front the restaurant. His name is Bernard and he has a very good reputation in the industry. He's also willing to put some cash into the restaurant but he wants a third of the profits. We can use him for the first year or so to get it up and running and then claim he's losing us money or even stealing from the business to get rid of him and hire a cheaper manager from one of the local bars or hotels.

Best

Charles"

Fred was unable to speak to Edward about this email as he was too busy with the other matter and out of Hong Kong. Given its contents, Fred did not want to mention the email in any of his own written communications. When he spoke to Charles, he advised him to delete the original email from his computer records. Fred eventually served the List of Documents - without any reference to the email, the copy of which he destroyed - as the deadline was approaching. Eventually, Edward concurred with Fred's actions as 'Victor didn't include a termination clause in the agreement'.

Question (b)

Identify any acts of professional misconduct on the part of Edward and Fred.

(12 marks)

(See the next page for a continuation of Question 1)

The parties decided to attend a mediation following a strong direction to do so by the judge at the Case management conference (“CMC”). They ultimately agreed to settle on the basis that Charles and Diana would buy out Bernard’s 15% financial contribution to the business and pay him a sum of money equivalent to a restaurant manager’s salary for the period in which he managed the Restaurant. Charles subsequently sent Edward a bottle of vintage champagne ‘For your and your team’s hard work’. Edward does not drink alcohol.

Question (c)

What should Edward do upon receiving the bottle of champagne from Charles?

(3 marks)

Question 2 (25 marks)

Facts:

1. Jimmy operates a law firm (“the firm”) in Central, Hong Kong. He is the only solicitor in the firm, and he has qualified as a solicitor for 5 years. Business is slow and he has been thinking of opening a branch office in Tsim Sha Tsui, Hong Kong in the hope of getting more business.
2. In order to solve the manpower issue, he intends to employ Tom as his trainee solicitor as Tom came across very well during his interview with him.
3. Jimmy intends to ask Tom to be “in-charge” of the proposed Tsim Sha Tsui Office meaning Tom will be working there every day whilst Jimmy himself will stay in the Central Office. The plan is that if a client comes in, Tom will inform Jimmy immediately and Jimmy will then go to the Tsim Sha Tsui Office by MTR to meet the client.
4. Jimmy thinks that the plan will work as Tsim Sha Tsui is close to Central and the MTR is reliable. It is also the case that Jimmy has faith in the ease of communication these days and believes he can maintain close contact with Tom via mobile phone, emails and WhatsApp all the time. Jimmy also intends to install CCTV (with the consent of all parties affected) in the proposed Tsim Sha Tsui Office so that he can effectively supervise the work of Tom from his “main office” in Central.

Question (a)

Do you see any professional conduct issue arising out of the operation plan of Jimmy with regard to the proposed Tsim Sha Tsui Office outlined above. In particular, do you think the measures set out in paragraph (4) above will solve any potential professional conduct issue?

(10 marks)

(See the next page for a continuation of Question 2)

Facts:

5. In order to encourage Tom to work hard in the Tsim Sha Tsui Office, Jimmy intends to reward Tom by paying him 10% of the profit costs of each and every case which he handles for the Firm (the "Handling Fee"), and 30% of the profits costs of each and every case which Tom brings in to the Firm (the "Introduction Fee") on top of Tom's monthly salary.

Question (b)

Identify any professional conduct issue which you see arising out of the Handling Fee and Introduction Fee arrangements which Jimmy has in mind. Answer by reference to the provisions in the Solicitors' Practice Rules (Cap. 159 sub. Leg. H) and The Hong Kong Solicitors' Guide to Professional Conduct Volume 1, Third Edition.

(9 marks)

Facts:

6. When Jimmy was about to prepare the training contract of Tom, he learnt from Tom that shortly after his interview with Jimmy, a Bankruptcy Order had been made against Tom for a student's loan which he took out for studying law. He feels sorry for what had happened and asked Jimmy to give him an opportunity.

Question (c)

Is there any prohibition on Jimmy to enter into a training contract with Tom under the circumstances referred to in (6) above? If there is a problem, can it be overcome somehow? Answer by reference to the provisions in the Legal Practitioners Ordinance (Cap. 159). Candidates need not refer to any provision in the Bankruptcy Ordinance (Cap 6).

(2 marks)

(See over the page for a continuation of Question 2)

Facts:

7. As part of the plan for the Tsim Sha Tsui Office, Jimmy has also interviewed Billy who works part-time in Law Firm AAA which is situated in the same building where Jimmy intends to operate his Tsim Sha Tsui Office. Billy told Jimmy that he only works in the mornings at Law Firm AAA so he could work for Jimmy's Tsim Sha Tsui Office in the afternoons. Billy said he could handle secretarial work.

Question (d)

Is there any prohibition on Jimmy to employ Billy on a part-time basis for his Tsim Sha Tsui Office under the circumstances referred to in paragraph (7) above, and if so, can the problem be overcome?

(2 marks)

Facts:

8. As for performing messenger's duties, Jimmy intends to employ Jack who has no bankruptcy record nor a part-time job. The only problem with Jack is that he was convicted of a minor theft two years ago. Jack did not go to jail but was ordered to perform 200 hours of community service which has been completed by now. Jack told Jimmy about the conviction and would like Jimmy to give him a chance to rehabilitate.

Question (e)

Is there a prohibition under the Legal Practitioners Ordinance (Cap. 159) for Jimmy to employ Jack in the circumstances referred to in paragraph (8) above and if so, how can the problem be overcome?

(2 marks)

Question 3 (25 marks)

One day, Monica showed up at Law Firm ABC (the “firm”) and asked for legal assistance. Simon, a senior associate solicitor at the firm, came out to greet her. Simon was eager to receive this case.

After the introductions, Monica told Simon that she suspected her husband, Robert, was having an affair. Robert was also getting aggressive with Monica and had even hit her and her daughter. In order to protect herself and her daughter, she urgently wanted to divorce Robert and to obtain her share in the properties and assets. Since she planned to turn over a new leaf in life, she also wanted to sell some immovable properties and seek tax advice, for better succession planning for her daughter. Simon nodded and took note of her requests and then spoke to Monica about how their firm would need to incept her as a client to give her the necessary advice. Monica said she had not spoken to any other lawyers, and that she intended to engage Simon and invited him to start the inception process. She asked if Simon needed to see her passport in order to start helping her with her matters. Simon told Monica there was no need. Monica then spelled out her name and told Simon her address for billing purposes, and Simon proceeded to fill out the file opening form to open the file with the firm.

Question(a)

Comment on any professional conduct issues, and what steps Simon should have taken and why.

(3.5 marks)

Simon advised Monica on the procedures and papers required for a divorce, and both parties must disclose all their assets, in the form of an affirmation, for the Court to understand the financial situation of the parties. Monica listened patiently to Simon’s advice and then informed Simon that she wanted to hide away her assets so that she did

(See over the page for a continuation of Question 3)

not have to give any to Robert, especially since Robert was the one at fault for having an affair. Simon said that this is very common amongst couples seeking to get a divorce, and that he could help with this.

Question(b)

Comment on whether there are any issues in relation to Simon's actions here.

(6 marks)

Simon then started working on the divorce case. He prepared the affirmation listing out Monica's assets, and arranged to have Monica sign it. However, Monica informed Simon that she was on holiday in the Caribbean with her friends. Monica mentioned to Simon that her friends had brought along another friend named Amy, who is a Hong Kong lawyer. Simon then asked Monica to ask Amy to administer the affirmation and attest to another document, so that they can be sent back to Hong Kong to file before the court deadline. Though Amy had just met Monica and did not even know her surname, she had heard that Monica was going through a rough time with the divorce, so Amy decided to help Monica by administering her the affirmation and attesting to her document.

Question(c)

Comment on Amy's actions.

(1.5 marks)

As a result of Simon's increasing workload, he had been promoted to become a partner in the firm. He incepted a new client, Daniel, who was a famous chef and owner of the new, one and only, fusion Japanese Portuguese restaurant that opened in Central, Hong Kong, and it was becoming increasingly popular.

To keep up with deadlines and the urgent advice on fire regulations he had to deliver that day to Daniel, Simon had to seek help from Mike, a registered foreign lawyer from another team, to help with his cases.

(See the next page for a continuation of Question 3)

Mike was not very familiar with Hong Kong fire regulations, but noting the tight deadline, he decided to get his answer using Artificial Intelligence (“AI”) tools. Mike then quickly copied the AI generated advice into an email and sent it to Daniel, copying Simon.

As Simon was leaving the office that day, he bumped into Mike. They both entered the elevator and engaged in some small talk. It was a rush hour, so the elevator was very full. Simon and Mike ignored the other people and started talking about how Daniel had been making so many urgent requests and that he had such a bad temper.

“I know he has great talent as the head chef, but I wonder how all the other sous chefs and waiters working under him deal with the pressure and constant yelling?” Simon said out loud.

Mike asked “Oh, is he the head chef of that new Michelin fusion Japanese Portuguese restaurant in Central?”

Simon said: “Yes, but they might be having issues with their fire safety, which is why he is always asking about fire regulations nowadays. Maybe that’s why he is always so stressed, I mean, it could cost him his restaurant licence!”

Question(d)

Comment on any issues arising from this scenario for Simon and Mike.

(3.5 marks)

As Simon was leaving the elevator in the office lobby, which was connected to a mall, a piece of paper fell out of the file he was holding. It contained some terms in a potential share subscription in relation to Daniel’s holding company which holds the Japanese Portuguese restaurant.

(See over the page for a continuation of Question 3)

Simon only realized that the paper went missing after he returned to the office the next day.

That night, a passerby in the mall, who was walking near the office elevator shaft, noticed the piece of paper. From the paper, he could make out that it was a share purchase agreement page, with material information regarding the price of the shares to be sold in Daniel's company. The passerby happened to be a patron of Daniel's restaurant and was actually heading towards his restaurant for dinner that night. The patron then delivered the document to Daniel. Daniel was shocked to see this and instantly recognized that it was Simon's work product. That night, Daniel emailed Simon to terminate the retainer, and to threaten to sue Simon for negligence in handling his case files and made a request for all documents under his file.

Question(e)

Comment on any issues and consequences arising from this scenario for Simon and any steps he should take.

(6.5 marks)

After arriving home from the office, Simon turned on the television to watch some news. There was a news report about how Monica's mother, despite also living in Hong Kong with Monica, being appointed a senior government official of her home country, with power to negotiate treaties with other countries. Simon immediately wrote a message to congratulate Monica on her mother's appointment.

Question(f)

Comment on the issues arising in this scenario and what actions Simon should take.

(4 marks)

End of Part B (Professional Conduct)