



Syllabus

STEP Advanced Certificate in Trust and Estate Accounting (England and Wales)



www.step.org/qualifications

Trust and Estate Accounting

Introduction

This document contains the detailed syllabus for the STEP Advanced Certificate in Trust and Estate Accounting (England and Wales).

For more information about the course and how to apply, please visit the [course page](#) on the CLTI website.



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Module 1

BASIC PRINCIPLES

This module covers:

- Why trustees and personal representatives should keep accounts
- The principles of estate accounting
- The principles of trust accounting

By the end of this module you should be able to:

- Describe the elements of estate and trust accounts
- Write up the analysed cash book
- Write up the estate capital account
- Write up the estate income account
- Write up the trust capital account
- Write up the trust income account
- Prepare a balance sheet



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Module 2

CAPITAL AND INCOME

This module covers:

- How to allocate receipts and payments between capital and income

By the end of this module you should be able to:

- Explain the need for a distinction between capital and income
- Explain how tax payments are attributed, with an example of an exception to the rule that income tax is a charge on income
- Define which categories of professional fees should be charged either to capital or income
- Describe the main areas of confusion relating to the position in an estate at the date of death



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Module 3

ESTATE ACCOUNTS

This module covers:

- What accounting and other basic records should be kept in the administration of an estate
- Who is entitled to receive and approve estate accounts
- How to prepare a set of estate accounts from the information in the cash estate book and other records

By the end of this module you should be able to:

- Describe the role and duties of the personal representative in accounting for the assets belonging to the estate
- Explain what is meant by the terms 'capital account' and 'income account' and which funds should be contained in each
- Identify when and in what circumstances accounts should be presented to personal representatives and beneficiaries
- State by whom and in what manner the accounts are approved
- Identify the objectives of a well-organised set of accounts
- Describe the various adjustments that will need to be made to the Capital Account
- Define the purposes of an Income Account and the 'best practice' for maintaining its records
- Describe a 'distribution account' and how this can be used to achieve confidentiality



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Module 4

TRUST ACCOUNTS

This module covers:

- How the principles in the accounting for estates apply to trusts

By the end of this module you should be able to:

- State the overriding principles and objectives in preparing and maintaining trust accounts
- Identify which documents and information are incorporated into the trust accounting file
- Describe the constitution of a set of standard trust accounts and trust distribution statements



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Module 5

RELEVANT PROPERTY TRUSTS

This module covers:

- The principal trusts for which accounting may be required in modern trust practice

By the end of this module you should be able to:

- Identify the principal trusts for which accounting may be required in modern trust practice



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Module 6

TRUSTS FOR CHILDREN

This module covers:

- The special rules relating to the accounting treatment of testamentary trusts or children

By the end of this module you should be able to:

- Identify the characteristics of a testamentary trust for children
- Explain the accounting provisions relating to testamentary trusts for children
- Ascertain when tax at the rate payable by trustees should be calculated and into which account it should be paid
- Describe where liability falls in respect of income tax for trust income



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Module 7

TRUST ADMINISTRATION

This module covers:

- An introduction to the law governing the investment of a trust fund by trustees
- The manner in which the law is applied in practice to create the investment portfolio
- Distribution of the income and capital of a trust fund among the beneficiaries
- Trustees' duty to account to beneficiaries and to disclose information

By the end of this module you should be able to:

- State the extent of the power of trustees to invest trust funds
- Describe the limitations imposed on that power by the concept of prudent investment
- Explain the ability of trustees to delegate to agents the power of investment
- Explain the need to monitor and keep under review an agent to whom authority is delegated
- Describe the duties and discretions affecting trustees when considering distributions
- Identify the extent of the duty of a trustee to account to beneficiaries for the stewardship of the trust and the trust assets



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MODULE 8

VALUATION

This module covers:

- How trustees and personal representatives should value assets
- How valuations are used in trust and estate accounts

By the end of this module you should be able to:

- Describe the basis of how different assets are valued for probate and appropriation purposes
- Assess and identify the appropriate valuation that is suitable for particular circumstances and the implications of so doing



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Module 9

ACCOUNTING FOR LEGACIES

This module covers:

- The type of legacy as contained in the syllabus for the STEP Advanced Certificate in Administration of Estates course
- How the principal types of legacy will be accounted for and to highlight the treatment of ademption, abatement and lapse of legacies

By the end of this module you should be able to:

- Distinguish between the various types of principal legacy
- Demonstrate how legacies will be treated and to identify reasons for their failure



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Module 10

MISCELLANEOUS

This module covers:

- The application of the following in the accounting for trusts and estates:
 - Abatement
 - Apportionment
 - Insolvency
 - Hotchpot
 - Intestate estates
 - Simultaneous deaths
 - Appropriation
 - Charities

By the end of this module you should be able to:

- Identify the principles underlying abatement and the steps to be taken if there is a deficiency in residue
- State the issues relating to insolvency
- Explain the provisions of section 41 Administration of Estates Act 1925 with regard to the appropriation of assets



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