

South Kensington Estates – Client Money Handling Procedures

At SKE we take our responsibilities for managing our clients' money very seriously and want to give our clients assurance that their funds are protected and safe. This document outlines the key principles and procedures we have to handle client money.

Overview

We have designed our procedures and processes for managing client money in line with the RICS professional statement "Client Money Handling" 1st edition October 2019.

South Kensington Estates Limited or SKE (RICS Registered Firm Number 743451) is a member of the RICS Client Money Protection Scheme.

We consider the following to be the core objectives of our approach to handling client money:

- To safeguard the funds entrusted to us by our clients
- To maintain accurate accounting records in respect of our clients' money
- To provide clarity and transparency of the approach we adopt to our clients

Definition of client money

The RICS Client Money Handling – 1st Edition October 2019, defines Client Money as money of any currency (whether in the form of Cash, Cheque or Electronic Transfer) that,

- A RICS regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as stakeholder; and
- Is not immediately due and payable on demand to the RICS regulated firm for its own account; but
- Excluding fees paid in advance for professional work agreed to be performed, and clearly identifiable as such, unless the fees are for works undertaken as a property agent as defined by the rules of the RICS client money protection scheme for property agents.

How and where client money is held

In relation to client money we hold or receive, the following conditions apply:

- All client money is held in designated client money accounts; either a common account or a discrete account. Common accounts are bank accounts which hold pooled client money belonging to more than one client and are used to facilitate receipts and payments. Discrete accounts are client specific accounts (i.e. they are unique to individual clients) and are used to hold client money relating to the relevant client.
- All bank accounts utilised by SKE for client money are exclusively controlled by SKE.
- All bank accounts utilised by SKE for client money are provided by an appropriate banking institution authorised by the Prudential Regulatory Authority (PRA) or the Financial Conduct Authority (FCA).
- All discrete accounts include the word client and the name of the client in the title of the account.
- All client money held is available on demand.

Access to funds

Access to client money accounts is restricted to specific individuals, who possess an appropriate level of experience and seniority (namely a Management Grade). All payments out of client money accounts require approval by at least one named individual on the bank mandate. Access to the e-banking systems is limited to such individuals, as well as the Cash Management team. All bank mandates are reviewed on at least an annual basis and approved by a member of senior management.

Timescales for payment into client accounts

Electronic transfers of client money are made directly into a common account and subsequently allocated to the relevant discrete accounts. Receipts are reviewed on a daily basis to support this process. Where money is received by cheque, these are logged and recorded. Cheques are banked on at least a weekly basis. Cash payments directly into client accounts are not accepted. Unallocated cash is reviewed regularly by the Cash Management team, with items remaining unallocated for 28 days returned to the sender. Any unallocated cash returned through this process requires approval from at least one individual on the relevant bank mandate.

Authorisation of payments from a client account

A withdrawal from a client account can only be made after a specific authority has been approved by a signatory in accordance with the bank mandate or SKE's procedures and systems. All payment requests must be accompanied by supporting evidence that has been checked and authorized. Segregation of duties in the client accounting function is in place to prevent data tampering within the payment process.

Interest and bank charges

The bank accounts used to hold client money are interest bearing accounts, for which SKE cover all bank charges (including transaction fees and account maintenance charges). SKE is also entitled to retain any interest earned through the aggregation of client money within the common accounts to offset general bank charges and administration costs associated with operating the relevant bank accounts. Discrete accounts are credited with interest at the agreed rate and interval.

Bank account reconciliations

Records are maintained for all common and discrete accounts maintained by SKE, including an audit trail of transactions for each account. Common accounts are reconciled on a daily basis between the cash book and the bank statement by a member of the Bank Reconciliations team, with a supervisory review carried out by a senior member of the team. On a monthly basis, a reconciliation between the bank statements and general ledger is performed. All discrete accounts are reconciled on at least a monthly basis between the cash book, bank statements and general ledger by a member of the Bank Reconciliations team, with an independent review undertaken for each reconciliation.

Information provided to clients about client money

Reporting arrangements are agreed individually with each client to meet their needs, but typically include regular financial reporting and details of the client money held by SKE on their behalf.