Client Money Handling Procedure

1. Introduction

Chapman & Company Limited is regulated by the Royal Institution of Chartered Surveyors (RICS) and adheres to the RICS Professional Statement on Client Money Handling. This document sets out our procedures for handling client money safely, transparently and in compliance with regulatory requirements, including:

- RICS Client Money Handling Professional Standard (UK).
- RICS Rules of Conduct.
- RICS Client Money Protection Scheme Rules (Surveying Services and/or Property Agents, as applicable).
- Isle of Man Anti-Money Laundering and Countering the Financing of Terrorism Code 2019

These procedures apply to all principals and employees who may handle or have responsibility for client money.

2. Definition of Client Money

Client money is defined as money of any currency held or received by the firm on behalf of a client, which is not immediately due and payable to the firm for its own account. This includes, but is not limited to:

- Rents, service charges and ground rents.
- Retentions and stakeholder monies.
- Money held to pay contractors or third parties.
- Interest earned on client accounts (unless otherwise agreed).

3. Client Money Account

- All client money is held in designated discrete client money accounts, held separately for each property and separately from the firm's operational funds.
- The accounts are maintained at Isle of Man Financial Services Authority regulated banks.
- The accounts are named Chapman & Company Clients Account [landlord name]
- The accounts are under the exclusive control of our firm, and only directors have access.
- Bank mandates identify authorised signatories.
- Only directors may act as signatories.
- The bank details of the account are provided to clients when required.
- A copy of these Client Money Handling Procedures is available to clients on request.

4. Payment into the Client Money Account

- Client money is paid directly by tenants or landlords to the Client Money Accounts.
- Funds are only received via approved payment methods (e.g., standing order, bank transfer & cheque).
- Tenants or clients are requested to pay by regular standing order.

5. Payment Out of the Client Money Account

- Client funds are only withdrawn to settle legitimate expenses, returns, or disbursements.
- Payments are supported by invoices, contracts or written client instructions.
- Payments are made only by a director.
- No payments are made to third parties without the client's written consent.
- Client funds are never used to settle business liabilities.

6. Accounting Records

- The firm maintains accurate and up-to-date accounting records including:
- A client cash book showing all receipts and payments.
- Individual client ledgers for each client.
- Bank statements for all client accounts.
- Records are updated promptly and retained for a minimum of six years.

7. Client Money Reconciliation

- Client accounts are reconciled monthly (or quarterly where only one or two transactions occur per month) to ensure accuracy and compliance.
- Any discrepancies are investigated and resolved promptly.
- Reconciliation records are retained for a minimum of six years.
- Most accounts are not interest bearing. However, any interest received in client accounts is used to offset service charge expenditure to reduce tenants' overall service charge liability.

8. Interest

- Where a client account is interest bearing the interest received is calculated by the bank at the prevailing rate offered by the bank at that time, accrues quarterly and is automatically credited by the bank to the client's account.
- The accrued interest is set against service charge expenditure at the year end, reducing the overall level of expenditure incurred by occupiers.

9. Unidentified Funds

- If unidentified funds are received, reasonable efforts are made to trace the sender.
- If the sender cannot be identified within a reasonable period, the funds may be returned to the originating bank.
- If unclaimed for more than six years, the funds may be transferred to a registered charity in accordance with RICS guidance.

10. Client Money Protection and Advance Fees

- Chapman & Company Limited is a member of the RICS Client Money Protection Scheme which provides a financial safety net of last resort for clients who it compensates if an RICS-regulated firm misuses or fails to repay client funds due to insolvency or closing down.
- Advance payments for surveying services are not covered by the scheme.

11. Record Keeping

- Full and accurate records of all client money transactions are maintained.
- Statements and receipts are issued to clients as appropriate.
- Records are kept securely for at least six years.

12. Reporting and Auditing

- All accounts are certificated annually by external chartered accountants during service charge reconciliation.
- Client money handling procedures are subject to internal and external audits.
- Reports are provided to RICS where required.
- Any discrepancies or breaches are reported in accordance with RICS regulations.

13. Anti-Money Laundering and Compliance

- The firm complies with the requirements of RICS Professional Standard: Countering Bribery and Corruption, Money Laundering, Terrorist Financing and Sanctions Violations & all applicable Isle of Man anti-money laundering, counter-terrorist financing and bribery legislation
- The firm is regulated by RICS and the Isle of Man Financial Services Authority.
- All staff receive annual training in Anti-Money Laundering, Countering the Financing of Terrorism & Proliferation Financing.
- Customer Due Diligence is carried out as required.
- Client money accounts are not used as banking facilities.
- Any breach or suspected misappropriation of client money is investigated immediately, recorded in writing and reported to RICS, insurers and affected clients where required.

14. Contact Information

For any enquiries regarding our Client Money Handling Procedure please contact David Chapman (Director).