

# Client Money Handling

## Procedures

April 22

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## 1. Introduction

The Client accounting function at Tila Commercial follows the RICS Code of Practice *Service charges in commercial property* (“the RICS Code”) and RICS Professional Statement *Service charges in commercial property* (<https://www.rics.org/uk/>), UK GAAP and ethical standards of Association of Chartered Certified Accountants.

At Tila Commercial we operate in accordance with RICS guidance (RICS Professional Statement “Client money handling”) and handle money accordingly.

- ▶ All money collected is kept in the appropriate separate bank accounts – e.g. the ‘Rent Collection Bank Accounts’ are set up separately from the service charge and deposit bank accounts.
- ▶ All rent money collected is then transferred to the Client in the pre-agreed frequency, timescale and manner.
- ▶ We provide rent statements/reports to Clients in agreed format, structure and timeline, showing at minimum amounts invoiced, received and paid.
- ▶ We ensure that all invoices are paid within the required payment terms, subject to the funds being available.
- ▶ Bank accounts are monitored daily and reconciled monthly, with occupier receipts recorded on the property management system within one working day from crediting the bank account.
- ▶ Tila Commercial’s own money (“office money”) is held separately from the Client funds.
- ▶ Tila Commercial has got exclusive control over the Client accounts.
- ▶ Client accounts do not have an overdraft facility.
- ▶ Client accounts are instant access accounts.

## 2. Client Bank Account Set Up , Changes and Closing

- ▶ Client accounts are virtual bank accounts set up in BMAP
- ▶ A request is sent to Accounts to set up a new bank account following the set up of a new property (service charge, insurance, rent funds etc) or following receipt of rent deposit deed; Client information is obtained, account set up on Qube ensuring Client account includes the words “Client Account” as required by RICS and this is then approved by Head of Accounting/Managing Director.
- ▶ Any change to virtual bank account following Client or tenant name change etc needs to be verified externally (e.g. by provision of name change certificate from Companies House) and approved in similar way like the set up of new bank account.
- ▶ Closure of virtual bank accounts following the sale of a property, termination of Client Instruction, tenant moving out and deposit being released etc follows relevant procedures, ensuring that the bank account has a nil balance before closing and approved in similar way like the set up of new bank account.

### 3. Client Bank Receipts & Unidentified Funds

- ▶ Tenant receipts need to be posted daily by Accounts, by updating Qube and manual cash book
- ▶ Cheques need to be paid in within 2 working days of receipt by Accounts. Cheques that do not meet the requirements to be paid in (incorrect name on cheque, lack of signature, older than 6 months) need to be returned to issuer – requesting that an alternative payment is made
- ▶ Direct debits that are collected from tenants in line with the requirements of Direct Debit Scheme run by BACS
- ▶ Receipt allocation needs to follow remittance advice received from tenant;
- ▶ If no remittance advice is received, the following process takes place:
  - Look for obvious allocation (matching amounts etc)
  - If no matching amounts, allocate to oldest debt first – unless instructed by Client otherwise
  - Try to obtain a remittance advice from tenant to re-allocate the receipt
  - For unknown receipts, check with Surveyors, other Accounts team members and Credit Controller if any receipts expected
  - Keep record of unidentified receipts and review it at least monthly
  - Any unidentified client money where the owner cannot be identified after three years from receipt and all avenues of investigation have been exhausted need to be paid to a registered charity, with a receipt obtained and an indemnity received that would reimburse the firm for the payment of the monies if a beneficiary is subsequently identified.

### 4. Payments to Suppliers, Clients & Tenant refunds

- ▶ Payments made to or on behalf of Clients follow detailed procedures, to ensure that bank details provided are verified (in writing – e.g. in PMA, confirmation on headed paper, voided cheque, copy of bank statement etc – and verbally via phone).
- ▶ Changes to bank accounts follow the same procedures as setting up new bank accounts.
- ▶ Payments are authorised in the banking system by Managing Director or, their absence, a nominated Senior Authoriser

### 5. Bank Reconciliations

- ▶ Bank accounts are reconciled at least monthly
- ▶ The three way reconciliation involves agreeing balances held in virtual bank accounts in BMAP system with nominal bank account balances held on Qube and with cash book
- ▶ Any differences are investigated and rectified

## 6. Bank Details – Traditional Bank Account

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Tenant Payments are being made into the following Client account:

Account Name: Tila Commercial Ltd BMAP Header Account

Sort Code: 20-69-93

Account Number: 10840181

Bank Address: Barclays Bank plc

1st Floor, 3rd Hardman Street, Spinningfields, Manchester, M3 3HF

## 7. Bank Details – Virtual Bank Accounts

Details of virtual bank accounts held for each Client and their properties & tenants are provided to each Client individually.