



Interim Report from Accountant confirming that Client Accounts are set up in accordance with Rule 1 of the Institution's Rules of Conduct.

*Rule 1 printed overleaf

If you are a Principal, Partner or Director who has not been trading long enough to supply a completed Accountants Report in accordance with Rule 1(5) of the Institution's Rules of Conduct, this form must be completed by your accountant and returned to:

Membership & Professional Development Department, The Institution of Commercial & Business Agents, Arbon House, 6 Tournament Court, Edgehill Drive, Warwick CV34 6LG

The Institution accepts Accountants Reports that have been completed and signed by Chartered or Certified Accountants only.

Member's full name

Company name and address

.....

.....Post code.....

Accounting year-end date.....

- I confirm that Client Accounts are set up in accordance with Rule 1 of the Institution's Rules of Conduct.

Particulars of the Accountant (Chartered or Certified)

Full name.....Qualifications.....

Firm name.....

Signature.....Date.....

Official Stamp

RULE 1

Duty to maintain separate client's accounts..

Rule 1(1)

All members who receive, or may receive, deposits in transactions to which the Estate Agents Act 1979 applies, shall open and operate a Clients' Account (or Accounts) - hereinafter described as Statutory Clients' Account(s) - in accordance with the requirements of that Act and with the Regulations made under it.

Rule 1 (2)

All members who receive client money to which that Act does not apply shall keep, at an Authorised Institution, at least one Client's Account distinct from any Statutory Clients' Account (s) into which shall be paid without delay any money which is to be held on behalf of clients, tenants, or applicants, other than deposits on transactions covered by the Act.

***Note;** It cannot be too strongly stressed that client money must be held by a member in such a way that it is not available for the Ordinary trading purposes of the firm, nor used as security for any loan, nor for meeting any personal or business liabilities. The rules which follow dealing with approved forms of withdrawal from Clients' Account(s) are designed to enforce this main purpose of separate accounts.*

'Authorised Institution' in Rule 1(2) bears the same meaning as it does in Estate Agents (Accounts) Regulations; thus any institution which may properly be used for Statutory Clients' Account(s) may also be used for other client accounts. In deciding which institution to use, members are reminded of the importance of having immediate access to the money.

When operating any form of Client's Account, the bank or other institution should be advised that the money is to be held in a separate right from the firm's own money, and should be instructed to handle the accounts(s) in accordance with these rules. A suitable letter is available from the Secretariat for the guidance of members.

Bank charges for operating all forms of Clients' Accounts(s) must be paid out of other resources and not charged against the account(s). Interest payments must not be credited to Statutory Clients' Accounts.

Rule 1(3)

Money may be drawn from Clients' Account(s) only;

- (a) for payment, on proper authorisation, to the person entitled to receive it, or*
- (b) in discharge of a sum owed to the member by the person otherwise entitled to receive it; or*
- (c) for payment into another client account kept by the member; or*
- (d) to correct an inadvertent overpayment into the account; or*
- (e) to withdraw interest which has accrued on the account; and*
- (f) if there are sufficient funds available to the credit of the client to fully cover the payments;*

always provided that in the operation of Statutory Clients' Accounts, the provisions of the Estate Agents Act and of the Estate Agents (Accounts) Regulations 1981 or any other Regulations made in pursuance of the Act have precedence over these Rules.

***Note;** Rule 1(3) allows the member to draw commission out of the balance in the account for the person liable to pay that commission; but to do so only when the event has taken place upon which the commission becomes due. It also allows disbursements to be recovered, where expressly arranged with the client.*

Rule 1(3)(f) applies particularly to property management, a member may only pay other contractors' invoices on behalf of a landlord when there is sufficient rent presently in the account. Payment made in advance against anticipated future rent would be a breach of the Rule.

Rule 1(4)

Every member shall maintain proper internal accounts showing the up-to-date position in relation to sums falling within Rules 1(1) and 1(2), and the heading under Rule 1 (3) for all withdrawals. There shall be maintained on the Clients' Account(s) at all times balances to satisfy the indebtedness shown in the internal accounts.

***Note;** Members are reminded that an auditors report in prescribed form is required in respect of that part of the audit which relates to Statutory Clients' Accounts. A copy of a suitable form of Report is available on request from the Secretariat.*

Rule 1(5)

Existing members and new applicants for membership who handle client money whether in a statutory client account or otherwise must produce on application for membership and thereafter, annually, a report by an accountant approved by the Association, such a report to be in the form approved by the Association and to be produced within 6 months of the end of the accounting year. If a report has not been provided within this period a letter will be sent to request production of the report within 28 days.

When a member retires from practice or ceases to be a member of the Association (whether by retirement, resignation, expulsion or otherwise) that member is obliged to deliver a report covering the period from the last report to the date upon which the member ceased to hold client money or to be a member.

