

Knight Frank LLP – Rural Asset Management - Client Money Handling Procedures

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

As part of the Royal Institute of Chartered Surveyors (RICS) professional statement (Client money handling, effective from 1 January 2020), and internal due diligence, client money held or received by Knight Frank LLP is either banked into a general clients' bank account, a designated discreet account or held in a client-controlled bank account.

A general clients' bank account is a Knight Frank Client Bank Account which holds pooled client money belonging to more than one client. A discrete bank account is a client-named bank account which holds client money belonging to a single client. All landlord and tenant monies are kept separate and further details of where funds are held can be found within the Property Management Agreement (PMA) or specific Terms of Business (TOB). In the event of any conflict between the terms of this Client Money Handling Procedure and any PMA the terms of the PMA will prevail.

Client monies are held separately from Knight Frank's own monies, are easily identifiable and immediately available. Within the general clients' bank account, each client's money is recorded in individual client ledgers to maintain segregation of funds. Client money is held in an appropriate banking institution, with a minimum rating of A-/A3/A-, regulated in the UK and authorised by the Prudential Regulatory Authority (PRA), the Bank of England and the Financial Conduct Authority (FCA).

Pooled client money account

All client money is held within a client money bank account with Barclays Bank. The bank will not be able to use any money held in the client bank account to settle any sum owed to it by Knight Frank LLP or any other third party. The bank will also not be able to combine any client money bank account with any other account nor have any right of set-off or counterclaim against money on the client money bank account. Knight Frank LLP have exclusive control over client money.

Discreet bank account

All client money is held within a discreet named bank account at Barclays Bank. Such money is held separately from any monies held for any other clients or for Knight Frank LLP. The bank will not be able to use any money held in the client bank account to settle any sum owed to it by Knight Frank LLP or any other third party. The bank will also not be able to combine any client money bank account with any other account nor have any right of set-off or counterclaim against money on the client money bank account. Knight Frank LLP have exclusive control over client money.

Access to funds

Signatories are at level Associate and above. Approval to execute electronic payments from the Client Account will be restricted to firm principals or a senior manager who is remote from the day-to-day operation of that

Account. Partners may not sign cheques or approve transfers drawn against hard copy invoices solely authorised by them.

Timescales for payment of cash into a client account

All cash and cheques received by post are logged and banked on the day of receipt, where possible, and allocated to the appropriate client money account. All unidentified funds are reviewed as soon as possible and no later than 1 month from receipt at which time they will be allocated or returned.

Controls for 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 the firm's procedures and systems. All payment requests must be accompanied by supporting evidence that has been checked and authorised. Segregation of duties in the client accounting function is in place to prevent data tampering within the payment process.

How interest and bank charges are handled

The client bank account is an interest bearing, instant access account and Knight Frank will cover transactional banking and account maintenance charges associated with the day-to-day operation of such account (not including overdrawn penalties which will be borne by the Client).

Knight Frank is entitled to retain any interest earned through the aggregation of various client accounts to offset general bank charges and administration costs associated with operating the bank accounts.

Payment of invoices

- There will be a payment run agreed on a client-by-client basis for supplier invoices.
- The BACS file is generated by the accounts team. This is then approved at Level 1 by the manager of the client, and at Level 2 by either the Head of Rural Client Finance or a Partner in the Rural team.
- Invoices must be received by the Agent and authorised by close of play, 5 working days before the payment is due to clear in order to give sufficient time for processing.
- Any urgent payments can be made outside of the payment runs but may incur additional administration charges to the client; of £30 per invoice.
- All payments are made by 3-day BACS bank transfer unless specific client or Agent consent is received for 'Same day' (£15 bank charge) or next day (40p bank charge).

Reconciliation of accounts

Bank accounts are reconciled on a monthly basis. The pooled account is reconciled using a three-way reconciliation between the bank, general ledger and individual client ledgers, as required by RICS.

Unidentified Payments

Should we receive any funds that we are unable to identify, we will do our best to understand which client they relate to and upon identification, reimburse the client as soon as possible if necessary. Any unidentified funds we will endeavor to identify with the Agents. If someone claims the payment, upon proof of payment we will allocate it accordingly. If within 3 months, no one has claimed the monies, despite all avenues of investigation having been exhausted (emails, letters, calls, etc.), we will ask the bank to return the payment. If it is not possible to return the payment, we will hold on to it for 3 years at which point we will donate it to a registered charity of our choice.

Information provided to clients about monies held on their account

Reporting and frequency requirements are agreed and documented with the client.