

# Client Money Handling Procedure

This procedure sets out how Fitch Taylor Johnson (“FTJ”) receives, holds, manages, and disburses client money in the course of providing property management services.

The purpose is to ensure client funds are handled safely, transparently, and in accordance with regulatory and professional standards.

This procedure applies to all client monies held by FTJ in connection with the management of residential and mixed-use developments, including:

- Service charge funds
- Reserve or sinking funds
- Ground rent collections (where applicable)
- Insurance contributions
- Contractor payments
- Any other client funds held in trust

This procedure applies to all FTJ staff involved in financial administration or client accounting.

## Definition of Client Money

Client money is defined as money received and held by FTJ on behalf of clients, leaseholders, resident management companies, right-to-manage companies, or freeholders, which does not belong to FTJ.

Client money is always held separately from company operational funds.

## Bank Account Structure

FTJ maintains individual client bank accounts in the name of each managed client or property.

These accounts operate within NatWest banking facilities under a primary holding arrangement currently registered under Glassbox Developments Limited, reflecting legacy banking arrangements established during the company's formative period prior to FTJ establishing its own dedicated banking structure.

### Clarification of holding structure:

- Each client's funds are separately accounted for
- Funds are not mixed between clients
- Detailed client ledgers are maintained for every property
- Money is only used for that specific client's expenditure

FTJ is actively reviewing banking arrangements with the intention of moving fully to accounts held directly in the FTJ name.

### Separation of Funds

At all times: -

- Client money is held separately from FTJ's own business funds.
- Client money is only used for the benefit of that client or property.
- Funds are never used to cover company expenses or other clients' shortfalls.

### Receipt of Client Money

Client funds are typically received via: -

- Leaseholder service charge payments
- Bank transfers
- Standing orders or direct payments
- Insurance or third-party reimbursements

All receipts are recorded promptly within the accounting system and allocated to the relevant client ledger.

### Payments from Client Accounts

Payments from client accounts are made only for legitimate property management purposes, including: -

- Contractor and maintenance invoices
- Utilities and service contracts
- Insurance premiums
- Management fees as per management agreements
- Approved expenditure relating to the property

All payments are supported by invoices or approved expenditure documentation.

Payment approval controls are in place, including review and authorisation procedures.

### Financial Controls

FTJ maintains internal financial controls including: -

- Segregation of duties where practicable
- Invoice verification before payment
- Controlled payment authorisation processes
- Restricted access to banking systems

## Regular account monitoring

FTJ maintains accurate accounting records including: -

- Individual client ledgers
- Records of all receipts and payments
- Bank reconciliation records
- Budget and expenditure tracking

Records are retained in accordance with statutory requirements.

## Bank Reconciliation

Client bank accounts are reconciled regularly to ensure that: -

- Accounting records match bank balances
- Errors are promptly identified and corrected
- Client funds are fully accounted for

Reconciliations are reviewed internally.

## Reporting to Clients

Clients receive financial information including: -

- Service charge budgets
- Periodic expenditure reports
- Year-end accounts where applicable
- Statements of account upon request

Transparency of client money is maintained at all times.

## Interest on Client Funds

Interest earned on client accounts is handled in accordance with management agreements or applicable regulations and disclosed where relevant.

## Handling of Errors or Shortfalls

In the event of any accounting error or shortfall: -

- The issue is investigated immediately
- Corrective action is taken promptly
- Clients are informed where appropriate
- Controls are reviewed to prevent recurrence

## Staff Responsibility

All staff involved in handling client money receive training and are required to follow company financial procedures.

Senior management retains overall responsibility for compliance and oversight.

## Compliance and Review

This procedure is reviewed periodically to ensure compliance with: -

- RICS guidance (where applicable)
- Property management best practice
- Banking and regulatory requirements

Procedures are updated as the business and regulations evolve.

## Procedure Review Date

This procedure will be reviewed annually or earlier if regulatory or operational changes require updates.