ESTATE AGENTS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the *Estate Agents (Accounts) Regulations* 1981 (SI 1981/1520) and, if applicable, the Propertymark Conduct and Membership Rules, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

Estate Agents (Accounts) Regulations 1981

1.1 You are responsible for keeping the accounting records required by the *Estate Agents Act* 1979 and the *Estate Agents (Accounts) Regulations* 1981 and for ensuring that all transactions in clients' money are in accordance with that legislation.

1.2 You are responsible for preparing accounts under the *Estate Agents (Accounts) Regulations* 1981, Regulation 6, in respect of consecutive accounting periods. These must be audited within six months of the end of the accounting period. The latest audit report must be produced on demand to a duly authorised officer of an enforcement authority.

Landlord and Tenant Act 1985

1.3 Under the *Landlord and Tenant Act* 1985, s. 21(5), the landlord is responsible for preparing schedules of relevant costs in relation to service charges if requested to do so by a tenant or secretary of a recognised tenants' association.

Propertymark Conduct and Membership Rules – Accounting Rule

1.4 You are responsible for keeping the accounting records required by the Propertymark Accounting Rule 1 and for ensuring that all transactions in clients' money are in accordance with that Rule.

2 Our responsibilities as auditors

Estate Agents (Accounts) Regulations 1981

2.1 We are required, in compliance with the *Estate Agents (Accounts) Regulations* 1981, to report to you whether, in our opinion, you have complied with the requirements of the *Estate Agents Act* 1979 as to the manner in which clients' money is to be kept and whether you have complied, or substantially complied, with the *Estate Agents (Accounts) Regulations* 1981.

2.2 We will report that the above regulations have been substantially complied with if, in our opinion, they have been complied with except for certain trivial breaches due to clerical errors or mistakes in book-keeping, all of which were rectified on discovery and none of which, in our opinion, resulted in any loss to any person entitled to the clients' money.

2.3 In order to meet these requirements, we will undertake whatever tests and examinations of your records we consider necessary. *The Estate Agents (Accounts) Regulations* 1981 require us to carry out the following work:

(a) ascertain from you details of all bank and building society accounts operated by you in the course of estate agency work at any time during the accounting period to which the report relates, and

(b) examine the accounts and records to enable us to verify whether they comply with the requirements of the *Estate Agents (Accounts) Regulations* 1981, Regulation 6.

2.4 As part of our tests, we are entitled to ask for such further information and explanations as we consider necessary. We are not obliged to extend our enquiries beyond the information contained in the relevant documents produced to us, supplemented by such information and explanations as we may obtain from you. We have no duty to consider whether the accounts and records have been properly kept at any time other than the time at which our examination of those accounts and records takes place.

2.5 We shall report to you any significant weaknesses in, or observations on, the firm's systems for dealing with client money which come to our attention of which we consider you should be made aware. Any such report may not be provided to third parties without our prior written consent. Such consent would be granted only on the basis that such reports are not prepared with the interests of anyone other than the firm in mind and that we accept no duty or responsibility to any other party as concerns the report.

Landlord and Tenant Act 1985

2.6 We will examine those schedules prepared by you as agent for the landlord in respect of the property stated. It is our responsibility to form an opinion as to whether these schedules are a fair summary complying with the requirements of the *Landlord and Tenant Act* 1985, s. 21(5), and are sufficiently supported by the accounts, receipts and other documents produced to us.

Propertymark Conduct and Membership Rules – Accounting Rule

2.7 We are required to form an opinion as to whether the records and controls have been suitably maintained by the Member's Firm's management, having regard to the size of the Member Firm and its scale of operations, during the period examined in accordance with the provisions and limits of the Propertymark Accounting Rule 1.

2.8 We will report to you in the format required by Schedule 1 of the Propertymark Accounting Rule 1.

2.9 In order to meet these requirements, we will undertake whatever tests and examinations of your records we consider necessary. In particular, we will carry out the work specified in Schedule 1 of the Propertymark Accounting Rule 1.

2.10 As part of our testing, we are entitled to ask for such further information and explanations as we consider necessary. We are not obliged to extend our enquiries beyond the information contained in the relevant documents produced to us, supplemented by such information and explanations as we may obtain from you. We have no duty to consider whether the accounts and records have been properly kept at any time other than the time at which our examination of those accounts and records takes place.

2.11 We shall report to you any significant weaknesses in, or observations on, the firm's systems for dealing with client money which come to our attention of which we consider you should be made aware. Any such report may not be provided to third parties without our prior written consent. Such consent would be granted only on the basis that such reports are not prepared with the interests of anyone other than the firm in mind and that we accept no duty or responsibility to any other party as concerns the report.