

Estate Agents

Scope of the manual

This manual covers the:

- Estate Agents Act 1979 and the Estate Agents (Accounts) Regulations 1981;
- Royal Institution of Chartered Surveyors Rules of Conduct;
- National Association of Estate Agents Rules of Conduct;
- Association of Residential Letting Agents Byelaws; and
- National Approved Letting Scheme Accounting Standards.

What do you need to know about this manual?

The guidance notes and programmes have been developed to enable accountants acting for clients in the field of property sales and lettings to provide the report required under the Estate Agents (Accounts) Regulations 1981 (EAAR), as well as the non-statutory reports under:

- the National Association of Estate Agents (NAEA) Rules of Conduct; and
- the Association of Residential Letting Agents (ARLA) Byelaws.

Additional reports may also be required during the application and monitoring process of the National Approved Letting Scheme (NALS), where applicants are not members of RICS, NAEA or ARLA. The manual also deals with these requirements.

From 4 June 2007 the Royal Institution of Chartered Surveyors (RICS) adopted a new regulatory regime. The detailed RICS Accountant's Report Rules, which previously applied to firms holding clients' money, have been replaced with a system of advisory guidelines. Regulation is now provided through a programme of internal visits; consequently any report prepared for a client regulated by RICS, which goes beyond the requirements of EAAR, will be a matter for agreement with the firm concerned.

What does this manual include?

The manual consists of six main parts:

- Guidance notes that summarise the requirements of the legislation and the various member associations that operate in this area. They include the requirements of EAAR, NAEA, ARLA and NALS. A summary of the RICS guidelines is also included.
- Example engagement letters for audit, audit exempt and unincorporated assignments, along with specialist wording.
- Example reports for EAAR, NAEA, ARLA, NALS and RICS assignments.
- Supplementary permanent file information, including systems documentation.
- A work programme that consists of a planning section, a completion section and five sections of suggested tests that cover accounting records, receipts and payments, balances, fees and disbursements and branch offices for the different types of member association.
- A (Creator) section that enables you to produce client-specific current and permanent file documentation.

Accounting, tax and other services

This manual does not deal with the accounts preparation or audit work etc. undertaken for corporate, limited liability partnership or unincorporated estate agents. These will not differ from the same services provided to other such businesses and normal procedures should be followed. At the planning stage the additional work required by this manual should be dovetailed with other planned work for maximum efficiency.

There are, in addition, specific laws and regulations which affect the ability of the agent to continue to trade, which must be considered in relation to the audit of estate agents. These are considered in chapter 9 of the guidance notes in section A of the manual.

Please note that this manual does not deal with the preparation and / or audit of service charge accounts.

What else do you need?

Reporting accountants who undertake work on statutory clients' money need a copy of the following:

- Estate Agents Act 1979 (EAA); and
- Estate Agents (Accounts) Regulations 1981 (EAAR).

Reporting accountants undertaking work for members of the relevant bodies will need a copy of the rules and guidance appropriate to the relevant membership association.

Costs

There is a one-off initial fee for the right to use and copy the documentation dependent on the number of Responsible Individuals (RIs) for audit purposes in your firm.

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