Client Accounting

Set up

The Accounts data must be set up first then the Property data can be linked to it. When creating the Accounts Company the Optional Feature for **Client Accounting** must be ticked.

When setting up the Property Company the tick must be in the **Enable Client Accounting** box. This will then show a new field titled Company which is where the Accounts Company is selected.

Within the Accounts data set up a new Bank Account for any transactions to do with client monies. Ensure that the Client Account box is ticked in the Details section.

Set up **Nominals** as appropriate for Rental Income, Expenditure and Agents Fees.

Set up **Suppliers** for all the Landlords you will require.

Set up a Supplier with the **Agent** name and address.

Once the Accounts have been set up, go into the Property data and a request will come up on screen for you to set up the **Agent Settings.**

Select Yes and the blank **Agent Settings** screen will be displayed.

Use the Browse button to take you to the Supplier Codes screen.
If the Supplier code for the Agent has already been set up, then select it.
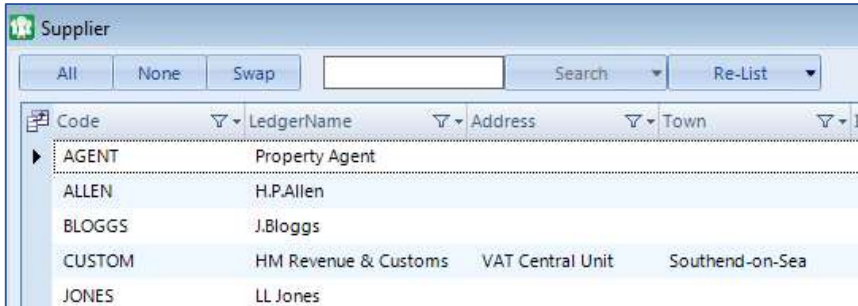
Or to create the Agent as a Supplier click on the New button at the bottom of the screen. Fill in the details and Save.

On the Client Accounting Preferences side of the Agent Setting screen, fill in the VAT details and the percentages that will be charged for Landlord Fees; these are for Rent Only or for Fully Managed.
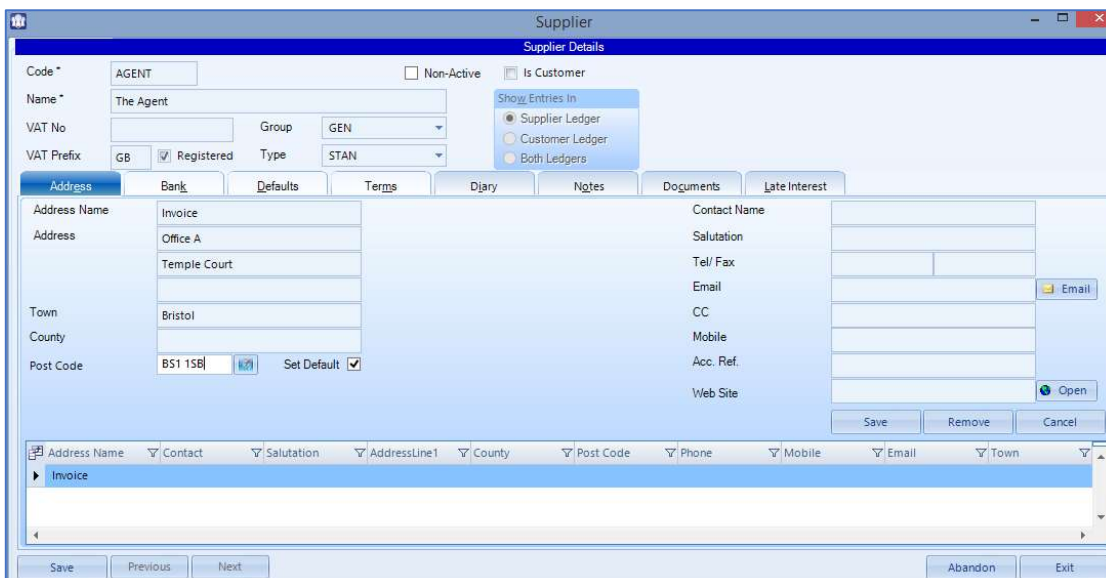

Also select which **Fee Invoice Processing Option** is required:

The **Last Fee Invoice number** can be changed if Fee invoices have been produced before and you wish to follow on with the numbering, otherwise they will start at 1.

The **Demands Item** will also need to be selected if already set up, otherwise a new one must be created: -

Click on the Browse button then New to create a new Item.

If nominals have **not** already been set up in the Accounts data, then a new Nominal will have to be set up too.

Click on Save to save the Agent details. These details may be viewed or edited in the Property data, Admin, Agent Settings.

To set up the **Landlords** in the Property data click on New and either Browse for the Suppliers created in Accounts or enter a new code and create the Landlord in Property. Alternatively, use the template in the Documents template folder and import all the information from excel. There are also templates to import the Properties and the Tenants from excel.

In the **Preferences** screen select the options required for invoice numbering, layouts and the address for invoices; in this case Estate will print the address for the Managing Agent.

There is also a **Client Accounting** tab to be filled in: -

The **Fee Processing Option** defaults to that set up in Agent settings but may be changed for each Landlord.

The **Last Fee Processing Date** is mainly for information but can be changed if necessary. Select the appropriate radio button for whether the Fee is to be charged on invoices according to the **Invoice Date** or the **Payment Date.**

There is the option to have separate default banks for Receipts and Payments if required.

Create **Properties** in the section. An individual property code cannot be used by more than one landlord. If several landlords own flats in the same block they must all be set up as different properties with a unique code.

Create **Tenants** in the section.

Back in the Accounts enter the **opening bank balances** for the Landlords. To do this highlight each landlord and then click on the **Opening** button on the right hand side. This opens a new Bank Receipt screen which defaults to the Client accounting bank and also to the last date prior to the year start. Set up a nominal for this in Miscellaneous Receipts which should be outside the scope of VAT. The 'Landlord' and 'Customer' field will both be the Landlord.

There is a message to advise you to split the opening balance if any of it is of Rent type:
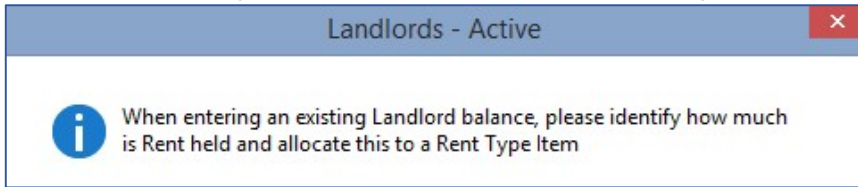
In Property set up the **Tenancies** in the usual way and create a Demand for each tenancy. See the Property manual for further information on setting up Tenancies.

Within each Tenancy there is a **Client Accounting tab** to be filled in.
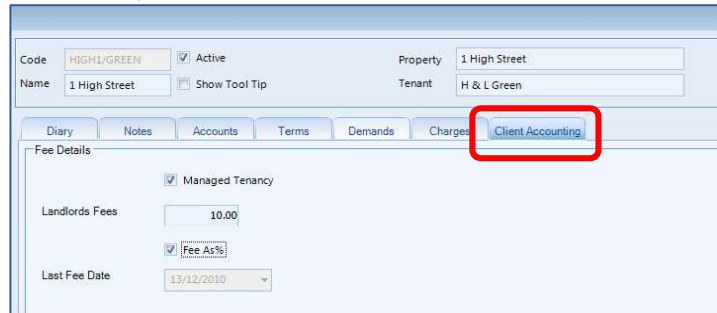
This will default to the Fee percentage set up in the Agent settings for Rent only fees, but it can be overwritten and the option for Managed Tenancy selected. There is also the option to change the fee to a fixed amount as opposed to a percentage. Fees are calculated by reference to the rent charge period so are not necessarily a per month rate.

Opening debtors should be entered. These will be raised as Opening Sales invoices in the Accounts data. They will appear in Tenant statements but will not appear in the Tenancy rent book as there is no tenancy reference attached to these entries. Remember to tick the VAT Previously Claimed box if needed. Client Accounting does not produce **VAT Returns** for individual Landlords but does provide enough information to enable the VAT returns to be prepared for each Landlord. There is now an option to show the description on the invoices on the VAT transactions report.

If **deposits** have been paid by Tenants, the information is recorded in the Terms screen within Tenancies. However this does not appear in the Accounts data so it must be entered separately as a Bank Receipt which should be coded to a specific nominal for Rent Deposits.
To record deposits received prior to the start date of the Accounts data, enter them as a Bank Receipt dated on the start date – opening Bank Receipts will be introduced sometime in the future.

Processing in Property

Once the Tenancies have been set up the **Demands** should be processed.

There is an option in Admin, Settings to Auto Process the demands: .
If this is ticked the user simply processes the demands by selection, date or landlord and the invoices are produced without the user having to save each one individually. Warning messages about rolling over demands are still received and need to be acted upon as normal.
Once the invoices are created the sales receipts should be entered when they are paid.
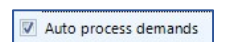
Receipting in Property

Receipts should be entered in a timely fashion particularly when the Managing Agent Fees are based upon the receipt date. As Client monies are subject to additional legislative controls, it is best practice to keep these bank accounts as up to date as possible.

There are three ways of entering a receipt in Property:

1. In the **Invoices** screen, highlight the invoices to be receipted. Use the **ctrl** or **shift** buttons if several invoices have been paid at once. Only invoices for one Landlord may be paid at the same time.

Once the invoices have been selected either right click on the mouse or click on the **Option** button. Choose **Pay selected invoices** and put in the payment date and method. Click on Save.

2. From the **Receipts** menu select Receipt. This will bring up the normal Sales receipt screen with the additional field where the Landlord must be selected.
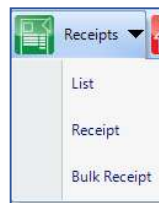
3. In the Receipts menu there is also the option to **Bulk receipt**. This may be used to receipt multiple invoices for several tenants at a time on a single landlord.

Fill in the Receipt date, Due date and Method. Tick the box if you wish to print a List of Receipts and then Load. This will give you a list of all outstanding invoices. Tick the ones that have been paid and Save.

Agents fee processing

In the Invoices **Invoices** screen there is an **Agent Fee** button from which you process the fees. This will process the fees for all landlords or, if the list is filtered using the Landlord Filter on the right hand side, then only invoices belonging to those Landlords will have the fee charged.

The Agent fee button gives 2 options: to Preview fees or to Process fees.

If you select Preview Fees you will need to enter the dates and click OK.

If the fees are to be processed on the Payment date, then the **Process fees up to** date will be the Payment date of the invoices.

You will first be shown a list of Landlords that have No fees due:

This list may be exported to Excel if required.

Exit that list then you will be shown the list of Landlords with invoices that require agent fees to be raised.

Each Landlord will be shown as a single line which can be expanded by clicking on the + sign to show the fees for the individual properties. This list may also be exported to excel.

Once the preview has been checked, or if no preview is needed, then select Process Fees. Again put in the required dates. If you want to preview each invoice before saving, then tick the **Preview invoices?** button.

This generates the Agent Fee invoice template which shows the Landlord (Client) and the details of the property or properties being managed. Save the invoice and this will produce a self-billing invoice for the Agent in the Accounts.

If the Preview Invoices is not ticked, then when you click on OK the invoices will be processed and saved automatically.

Fees should be processed on a regular basis, at least monthly. The fees will be processed either according to the Invoice Date or the Payment Date as was selected in the Landlord, Client Accounting screen.

The rate of fee charged is initially set up in Admin, Agent settings, Client Accounting preferences, but it may be changed in the individual Tenancies' Client Accounting tab.

To ascertain when the **last fee invoice** was processed for a Landlord, go to Landlords, Edit and select the Client Accounting tab. The Last Fee Processing date is the **Processing date** of the latest demands to have had the fee raised on them.

Landlord expenses

Bank Payments and Purchase Invoices to be paid on behalf of Landlords are input in the Accounts. All these transactions have to have the Landlord selected.

It is now possible to put a limit on payments out so that over a specified value there will need to be approval from the landlord. The limit can be entered in the Client Accounting tab on Landlords in both Accounts and Property.

A payment will also not be processed if the Landlord has insufficient funds in the Client Bank Account, at the date of the transaction, to cover it.

Insufficient landlord funds available

⚠️ Transaction cannot be saved.
It would create a balance for MR&MRS01 of -£904.00 on 01/08/2021

[OK]
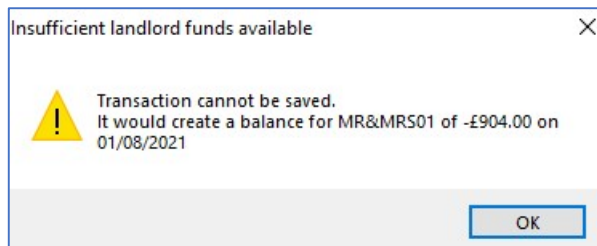
Reporting

Landlord Reports

The financial reports for the Landlords are found in the **Accounting** data under **Ledgers** then **Clients.** Or use the Landlord icon on the lower toolbar.
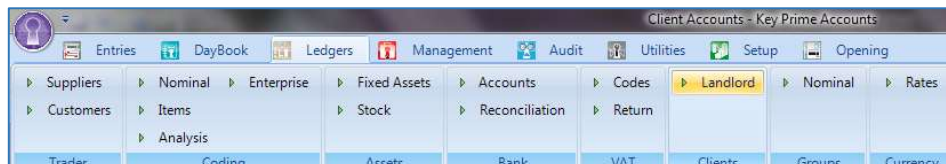
The reports will show All Landlords unless specific ones are highlighted.

Creditors and Debtors

This produces the **Age of Credit** or **Age of Debt** report as at the chosen date. It may be sorted by Landlord and it can be run with a page per Landlord.

Landlord Balances

This report shows the **cash** position for each Landlord.

Landlord Balances
From 01/07/2019 to 31/07/2021
Landlords with opening or closing balance only
For Client Account Only

Landlord		Opening	Payments	Receipts	Closing
ANAT01	Monsieur Anatole	40970.16	33090.16	225264.00	233144.00
BASS01	Mr. Watkyn Bassett	117093.19	118042.88	426030.00	425080.31
CRAY01	Miss Florence Craye	4536.40	1656.40	7920.00	10800.00
FINK01	Mr. Augustus Fink-Nottle	7822.68	5632.68	40315.00	42505.00
HOLD01	Commercial Property Group Holdings	28281.30	14895.00	148500.00	161886.30
MR&MRS01	Mr & Mrs J Smith	1500.00	6340.00	5936.00	1096.00
PINK01	Rev. Harold Pinker	8969.18	5434.18	30676.66	34211.66
SMIT03	Mr John Smith	10000.00	1528.00	800.00	9272.00
SMIT04	Mrs Jane Smith	10000.00	1528.00	800.00	9272.00
SPOD01	Mr. Roderick Spode	109699.66	100218.37	292317.00	301798.29
STRSCAST	Mr Frederick Strasser & Mrs Cleo Castleman	1919.00	19.00	8550.00	10450.00
WOOS01	Mr. Bertram Wooster	64268.80	54513.50	217680.00	227435.30
Grand Total		405060.37	342898.17	1404788.66	1466950.86

This report will default to the Client Accounting bank but if no bank is entered then there is a tick box option to show all banks.

Landlord Ledger

All the Landlord transactions are reported on in the Landlord Ledger report. There is the option to show include debtors and creditors or just show bank transactions.

Detailed Landlord Ledger
From 01/01/2020 to 31/07/2021

Ty	No	Date	Trader	Details	Debit	Credit	Balance
	SPOD01		Mr. Roderick Spode				251554.29
Payments and Receipts							
SI	1026	30/01/20	Cellnet Communications	Agricultural rent for the period 01/04	0.00	37500.00	289054.29
PI	1084	30/01/20	Builders Construction	rebuilding walls to property driveway	2856.00	0.00	286198.29
PI	1256	28/02/20	Mr. Roderick Spode	Settlement of account	10000.00	0.00	276198.29
SI	909	30/03/20	Fountain Forestry	Agricultural rent for the period 24/06	0.00	45600.00	321798.29
PI	1265	30/03/20	Mr. Roderick Spode	Settlement of account	10000.00	0.00	311798.29
PI	1246	30/04/20	Mr. Roderick Spode	Settlement of account	10000.00	0.00	301798.29
				Total Payments and Receipts	32856.00	83100.00	
Outstanding Debtors							
SI	1617	01/04/20	Cellnet Communications	Agricultural rent for the period 01/07	0.00	37500.00	339298.29
SI	1643	01/05/20	Constsable Eustace Oates	Agricultural rent for the period 01/05	0.00	8352.00	347650.29
				Total Outstanding Debtors	0.00	45852.00	
Outstanding Creditors							
PI	1532	31/07/19	Landmark Systems Property Managen	Agent fee for Fen Farm	1740.00	0.00	345910.29
PI	1555	31/10/19	Landmark Systems Property Managen	Agent fee for Fen Farm	1875.00	0.00	344035.29
PI	1564	28/11/19	Landmark Systems Property Managen	Agent fee for Land at Windmill Corn	626.40	0.00	343408.89
PI	1579	30/01/20	Landmark Systems Property Managen	Agent fee for Fen Farm	1875.00	0.00	341533.89
PI	1595	30/03/20	Landmark Systems Property Managen	Agent fee for Manor Farm	2280.00	0.00	339253.89
				Total Outstanding Creditors	8396.40	0.00	
					41252.40	128952.00	
				Closing balance at 31/07/2021			339253.89

These reports indicate to which Landlord the money in the Client Bank Account belongs and can be agreed back to the Bank Cash position report.

Landlord Statement

Statements for each Landlord may be produced in **detail** or **summary.** They are on a cash basis only, so they do not take into account debtors or creditors relating to that Landlord. Therefore they should agree with the Landlord Balances report.

Statements may be printed and there are several layout templates to choose from. There is now the option to customize a layout so non-active properties can be excluded.

Detailed Statement Layout

For Period 01/01/2020 To 31/07/2021

					Opening Balance	125,341.00
Property					Opening Balance	0.00

Date	No	Type	Trader	Details	Debit	Credit
30/01/2020	864	SI	Mr Simon Rogan	Commercial rent for the period 12/04/20	0.00	3,900.00
30/01/2020	925	SI	Mrs D Smith	Commercial rent for the period 01/04/20	0.00	7,980.00
30/01/2020	1003	SI	Miss Petunia Atkins	Commercial rent for the period 15/04/20	0.00	10,248.00
28/02/2020	865	SI	Mr Simon Rogan	Commercial rent for the period 12/05/20	0.00	3,900.00
28/02/2020	926	SI	Mrs D Smith	Commercial rent for the period 01/05/20	0.00	7,980.00
28/02/2020	1023	SI	Mr & Mrs J Newman	Commercial rent for the period 01/05/20	0.00	10,656.00
30/03/2020	866	SI	Mr Simon Rogan	Commercial rent for the period 12/06/20	0.00	3,900.00
30/03/2020	927	SI	Mrs D Smith	Commercial rent for the period 01/06/20	0.00	7,980.00
31/08/2020	1655	SI	Mr Simon Rogan	Commercial rent for the period 12/05/202	0.00	3,900.00
31/08/2020	1656	SI	Mr Simon Rogan	Commercial rent for the period 12/06/202	0.00	3,900.00
31/08/2020	1657	SI	Mr Simon Rogan	Commercial rent for the period 12/07/202	0.00	3,900.00
31/08/2020	1658	SI	Mrs D Smith	Commercial rent for the period 01/06/202	0.00	7,980.00
31/08/2020	1659	SI	Mrs D Smith	Commercial rent for the period 01/07/202	0.00	7,980.00
31/08/2020	1660	SI	Mrs D Smith	Commercial rent for the period 01/08/202	0.00	7,980.00
31/08/2020	1661	SI	Miss Petunia Atkins	Commercial rent for the period 15/07/202	0.00	10,248.00
31/08/2020	1662	SI	Mr & Mrs J Newman	Commercial rent for the period 01/08/202	0.00	10,656.00
				Total Commercial rent	0.00	113,088.00
30/01/2020	1085	PI	John Teasdale	Gardening	285.00	0.00
				Total Gardening	285.00	0.00
16/04/2020	1634	PI	Monsieur Anatole	Settlement of account	5,000.00	0.00
				Total Landlord payments	5,000.00	0.00
			Closing Balance For	**Closing Balance**		107,803.00
				Closing Balance		233,144.00

The detailed statement lists the Tenant, period of rent or service charge and the amounts received or expended.

These are grouped by Title with a sub-total for each Title. There is an option to group them by property.

Summary Statement Layout

The summary statement layout has a single figure per Title for the entire period of the report.

For Period 01/01/2020 To 31/07/2021		
Opening Balance		125,341.00
	Debit	Credit
Commercial rent	0.00	113,088.00
Gardening	285.00	0.00
Landlord payments	5,000.00	0.00
Closing Balance		233,144.00

Transactions

VAT reporting for individual Landlords.

There is no direct facility within Prime Client Accounts to produce VAT returns for Landlords. However, the **Transactions** report can be run for individual landlords on either Invoice or Cash basis and to include VAT details.

Care must be taken when using these reports to produce VAT information. In these reports KEYPrime will not identify transactions which have been edited or removed. Checks can be made by comparing year to date figures with previously filed VAT returns.

If Enterprise codes are not being used elsewhere, they may be used in transactions to identify the individual landlords. One advantage of this is that a Profit & Loss or a Cashflow report can be produced in Accounts for each Landlord. Go to Management, Enterprise and then report by Trading or Cashflow.

Ledger reports

The ledger reports in the accounts side of Client accounting are the same as those found in standard accounts except that some of them can be run for individual landlords e.g. the nominal transaction and nominal summary reports.

Settlement

In Accounts you will need to set up the Settlement details to be used when repaying landlords any monies owed to them.

You will need a separate Item with a nominal for Landlord payments.

You can set a Minimum balance, Usual payment and Minimum payment.

Its	Terms	Diary	Notes	Settlement
Item	SETTLEMENT	Settlement of account	...	
Nominal	02000	Landlord payments	...	
Enterprise			...	
Analysis			...	
Minimum balance	250.00			
Usual payment	1000.00			
Minimum payment	25.00			

These can all be ignored at the payment stage if necessary, though the program will not allow any payment to be made that takes the balance to below the Minimum balance set or zero if no minimum is set.

The Settlement button on the right of the Landlord listing screen has all the information needed when settling the outstanding monies owed to landlords.

When you tick the Make Payment box, further fields appear to show Method of Payment and Cheque no. These may be overwritten if required.

If the amount in the Payment field needs to be changed then tick the **Allow changes to Payment Amount** box. This highlights the Payment amount and it can be overtyped. A warning will be shown, and you will not be allowed to continue, if you try to pay too much so that the account would go below the Minimum Balance (or zero if there is no Minimum Balance amount).

There is also a tick box to **Exclude Sales on Account from Payment**. This refers to monies paid in advance by Tenants which can be excluded from the Landlord settlement amount as they may be considered to still belong to the Tenant, and technically are repayable to them, so should not be paid over to the Landlord.

The Settlement screen can be exported to Excel as there is no specific report for it. Use the Export button at the bottom of the screen.

Split Ownerships

Split ownerships is only available in Client Accounting companies. Part of the functionality of this needs to be set up in KEYPrime Property.
The purpose is to handle scenarios where a Property is owned by more than one landlord. In this case each of the landlords that own a percentage of the property will contribute to the expenses and gain from the income by that same percentage. KEYPrime Property allows only one legal entity to own a property, so this could be a partnership i.e. multiple landlords.

Setting up

The split ownerships for individual properties are set up in KEYPrime Property. Both Accounts and Property will have to apply the percentage splits to accounting transactions.
As this is only available for client accounting accounts companies, only property companies of client accounting type linked to that accounts company will allow a user to setup split ownerships. At first, when a property is created, it relates to only one landlord. The user can then setup split ownership through editing the property details. The split ownership button is shown below and from a pop up form they can add / remove / edit existing split ownership details.

A property can be split between as many landlords as required, but the landlord for which the property was originally created **must not** be part of the split ownership i.e. a separate landlord record needs to be created for a Husband and Wife partnership alongside their individual Landlord records; these should be treated as distinct legal entities.

Each of the landlord's ownership details for each property will require:
A nominal to post receipts against for this property.
A nominal to post payments against for this property.
An ownership share percentage for each landlord.

The same landlord cannot have more than one split ownership setup for the same property. The total share percentage for all landlords must add up to 100%, otherwise the split ownership details cannot be saved. The total percentage for all split ownerships that exist for the property will be shown and it will not Save if that figure is not 100 (shows in red in such a case):

Roundings

When the calculations for the split income or expenses are made, if there is an issue with amounts needed to make a sensible figure then one landlord can be designated to receive the Roundings calculated.

E.g. if a receipt for £33.33 needs to be split 50/50 this would be £16.665 each, so one landlord will receive £16.66 and one £16.67.
Tick the box on one landlord only.

Invoicing properties with split ownerships

Once the property split ownership details have been saved, they will take effect immediately for any new transactions created in both Property and Accounts, relating to the linked analysis code.

When an Invoice or credit note is saved, this will automatically be reflected in each of the landlords. To do this a journal entry will be created for each of the invoice detail lines.
This journal entry will have:
One line for each invoice detail line with the Analysis code, with its full amount. It will use the Item Code, nominal, enterprise and analysis set on the invoice detail line to reverse out the debits and credits created on the Invoice.

One line for each landlord share with split ownership. It will use the Item code, Enterprise and Analysis code for the original entry but the Nominal that has been set up in the split ownership details for receipts.

As with any standard journal, the total amount going 'out' to all landlords must be equal to the invoice detail line amount.

Should the value of the invoice be edited then the journal will be removed and a new one will replace it.

Payments and receipts

Once invoices are cleared through receipts or payments, the received or paid amount is automatically reflected in each of the landlords involved in the split ownership. This occurs whether the invoice is fully paid or part paid.

For Receipts, a Bank Transfer will be created both from and to the client accounting bank account. This will be From the landlord that the property relates to, but To the landlord in the split ownership. Again, the amount to be transferred will be calculated from the split ownership details.
There will be one bank transfer for each landlord of the split ownership.

For Payments, again a Bank Transfer will be created, but From the split ownership landlord To the landlord the property relates to, using the same logic to calculate figures from the split ownership details.

Split ownerships in KEYPrime client accounting will still enforce the client accounting rules for landlords and balances when purchase payments are created. The Landlord balance in the client bank account cannot be negative.

Bank Payments and Receipts for split ownerships

Bank Payments and Receipts that include detail lines linked to a property with split ownership are handled in the same way as sales and purchase invoices. Both steps explained above for invoices and payments are applied.

On Account Transactions

Any On Account money will be transferred from / to the split ownership client once the on account is used to pay off invoices.

Reporting

There are no specific reports for split ownership properties. In Accounts the Landlord Ledger will show all the invoices and bank transfers for both the landlord the property relates to and the split ownership landlords, as will the Landlord Statement.

The Properties listing screen can have the Split Ownership field showing if it is selected from the Field chooser – top left of the listing screen.