

19 September 2025

## PUBLIC CALL [A/2025]

# CALL FOR FRCs, SBAs, and Chartered Accountants Registered with SBPSA TO OPEN Business TRUST ACCOUNTS FOR THE SAFE CUSTODY OF PREPAID AND UNKNOWN INCOME

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### SAFE CUSTODY OF PREPAID AND UNKNOWN INCOME

Small Business Practitioners of South Africa [SBPSA] was formed on 22 March 2022, in the Republic of South Africa. A notice about its existence was circulated during October 2022. We are an entity registered as an NPO with the Department of Social Development. There is a need to align accounting records within the small business environment to allow collaboration between the Executors of Deceased Estates and the accountants. Deceased clients would lose a lot of money due to prepaid expenses and unknown deposits that they made to their accountants. As a result, SBPSA makes it compulsory that FRCs, SBAs, and Chartered Accountants must open a trust account that will house both unknown and prepaid income from their clients.

### PURPOSE OF THIS INVITE

The purpose of this notice is to give effect to the **SBPSA By-Law 56**, and invite FRCs, SBA, and Chartered Accountants registered as members with the SBPSA to open Bank Trust Accounts in addition to their existing business accounts. According to the By-Law above:

"To prevent the client's money from being lost, it is essential that the SBOs operate a separate account for which the client's money is placed. This is to acknowledge two things:

- a) That it is incorrect to keep in one place monies earned and monies not yet earned.
- b) In the event the client is deceased, it may be difficult for the executor to recover the money from the accountant, yet it will be much easier if it is placed on a separate "Trust Account". This will now create a new relationship between accountants and the estate executors, where the accountant will need to confirm whether the accountant's trust account owes any money to the deceased estate.

**Members:** Ms. Faith Mtyida-Ngadi (**Chairperson**); Mr. Sabata Ludidi AGA (**SA**) (**Deputy Chairperson**), Dr. Masibulele Phesa CA (**SA**),  
**RA (Treasurer)**; Dr. Noncedo Khewu (**Secretary**), Mr. Chumani Ngele CA(**SA**), **RA, CD (IoDSA) (Deputy Secretary)**.

**Website:** [www.sbpsa.org](http://www.sbpsa.org) **WhatsApp:** 078 158 6534 **Fax:** 086 482 3276 **Email:** info@sbpsa.org

- c) All monies in the business account must be supported either by an invoice or the operation of an agreement.
- d) The SBPSA's internal audit department must audit the accountant's trust account on a 12-month basis, and a report is issued to the client and the SBPSA's legal and compliance department.
- e) Once the legal and compliance directorate is satisfied that the business trust account was held responsible, they will issue to the client a "Certificate of Good Business Conduct". An entity must issue to the clients or suppliers a "Certificate of Good Business Conduct". As a result, it is against our standards for any SBO to accept clients without the "Certificate of Good Business Conduct" and may lead to the SBO and its directors being listed as disqualified. As a result, members of the public are precluded or rather not allowed to get into commercial and financial transactions with SBPSA members operating without the "Certificate of Good Business Conduct"

The SBO must submit its trust account for audit immediately when the bank statement for the last month of its financial year becomes available, together with a record reconciling the trust account to individual clients. It will also be accompanied by an audit fee, composed of ½% of the total amount stated as prepaid income before utilization on the bank trust account. As a consequence, where this is not adhered to, there will be a 10% penalty based on the current year's amount stated as revenue. This information is all provided to the Association by the SBO's Chartered Accountant. It is requirement that this account be kept active on the entity's expense to the extent the entity still affiliates as a member.

The Bank Trust Account is not liable for its expenses such as the bank charges but the main account is. Where there is interest, I will have to be transferred to the business account at each month end.

Unknown income must leave the trust account along with a proper and positive identification of the customer."

Additional forms accompanying this notice?

**None**

All queries should be addressed to the CEO: [rvuzane@sbpsa.org](mailto:rvuzane@sbpsa.org)

**Chief Executive Office**

**Small Business Practitioners of South Africa**

**19 September 2025**