

## Practice FAQs

### Objective of the SAICA practice number

Practitioners who wish to register new practices can apply for the SAICA practice number. The objective of the practice registration number is to provide Partnerships, Incorporated Companies and Close Corporations with a practice number to register with CIPC as an accounting officer. A private company is excluded because it cannot be an accounting officer because of the Joint and severally liability factor therefore it cannot apply for SAICA's practice number. To illustrate this point Section 60 (4) paragraph (b) & (c) of the Close Corporations Act 1984 state as follows as one of the requirements for corporations which qualify as accounting officers:

“(b) The liability of a partner in respect of debts and liabilities incurred by a firm contemplated in paragraph (a) (iii) during the partner's period as a partner and the liability of a member in respect of the debts and liabilities of a corporation contemplated in paragraph (a) (iv) during the member's period as a member may not be excluded by operation of law or in any other way.

(c) For purposes of paragraph (b), “debts and liabilities incurred” means debts and liabilities incurred by a firm or corporation, as the case may be, in connection with the performance by the firm or corporation, as the case may be, of its duties in terms of section 62.”

From these provisions it is clear that a firm to be appointed as an accounting officer must either be a Partnerships, Incorporated Companies and Close Corporations because the partners are jointly and severally liable to the liabilities of the corporation. Therefore a private company cannot be an accounting officer because it is a separate legal entity; therefore the directors and shareholders are not jointly liable for the liabilities of the company.

### 1. Question

I along with another CA(SA) have set up an accounting practice, with a non-CA. Kindly advise what the requirements are for the firm, in terms of both a practice number and the use of the CA(SA) designation.

### Answer

*It depends on the type of services you will be providing and the nature of your firm. If you are planning to provide auditing services then your practice has to be either an incorporated or a partnership reason being that there has to be a joint liability factor when providing assurance services. In this case you have the option of applying for the SAICA practice number meaning you can sign off reports under the capacity of the firm or alternatively if you don't want to apply for the practice number then members can sign off in their individual capacity by using their SAICA ID numbers as their practice numbers. But note that only Registered Auditors (RA) can be*

*partners/directors of that firm because auditing profits can only accrue to RA's. This means that the Non CA cannot be a director of that firm. Therefore because all directors will be CAs then you are allowed to use the CA(SA) designation.*

*If you are only going to provide non assurance services e. g tax, accounting, advisory services etc you are allowed to practice under any type of entity including a private company in which case even the non-CA can be a director because the profits are not only limited to accrue to CAs. In this case you cannot use the CA(SA) designation in the company's capacity because there is a non-CA who is a director/shareholder as this will mislead the public. In this case a practice number will be required to register with CIPC as an accounting officer.*

*Should you wish to provide both assurance services and non-assurance services, for the non-CA to be a director you must sign off audit reports in your own personal capacity whether it's an incorporated or private company.*

*If the Non- CA is a member of any recognised professional body like SAIPA, ACCA etc then you can form an incorporated company/partnership where all of you can be partners/directors. Again this is only when you will be providing Non assurance services, then you can apply for a practice number, but not allowed to use the CA designation.*

## **2. Question**

Do you need a practice number to provide independent review services?

### **Answer**

*Independent review service falls under assurance services therefore only corporations that are jointly and severally liable for the liabilities of the entity, Incorporated companies, partnerships and sole practitioners can provide these services .The entity have the option of signing off reports in their individual capacity meaning they can use their SAICA ID as their practice numbers therefore they don't have to apply for the practice number or alternatively they can apply for the practice number to sign off under the capacity of the entity.*

## **3. Question**

I resigned as an audit partner in xxxxxx Chartered Accountants and Auditors and will be opening my own firm. Do I need to change my registration type at SAICA- in order to be able to sign-off myself? What is the process and what are the costs involved? I would like to change all this in case it will have an impact on my annual fee, before I settle the account.

### **Answer**

*You do not need to change the registration type at SAICA because you can sign off audit reports in your own capacity as an individual as long as you are a registered auditor with IRBA. You can use your SAICA number as your practice number. There are no costs involved. The only thing we do from our side is to update our database as self-employed.*

## **4. Question**

I would like to go into business with a registered SAIPA member. I remember reading something in our code of professional conduct about only CAs being allowed to be directors/shareholders in audit companies. Is this the case? What we were planning on doing is creating one company in which we perform audit and accounting and tax services- I will obviously be doing the audit and he will do the accounting and tax services, but we were planning on having both myself and him as directors and shareholders. Is this allowed? Alternatively, should I then rather create an auditing company for

myself and an accounting company for him? Another question if we are not allowed to both be shareholders/directors in an auditing company- are we allowed to use the same group name. ie, the group company holds shares in the auditing and the accounting company, and we both hold shares and are directors in the holding company?

**Answer**

*For auditing services only Registered Auditor (RA) can be a director/shareholder of that firm. In addition the Auditing firm needs to be either a Partnership or an incorporated company because the directors/shareholders must be jointly and severally liable for the firm's liabilities.*

*You can have 2 separate firms. One for auditing services and one for other Services (non- assurance) where the non-CA can be a shareholder*

*You can use the same group name, however note that because the profit/loss of the auditing company cannot be shared within the non RA then you will have to sign off the auditing reports in your individual capacity not as a firm. Thus it may be best to have a group name but not a group structure necessarily.*

**5. Question**

Am I allowed to trade in my own name if I want to provide auditing services?

**Answer**

*Yes you are allowed, you can use your SAICA number as your practice number.*

**6. Question**

Do I have to register with SAICA that I am in private practice, if yes how?

**Answer**

*Being a qualified CA you are already registered with SAICA to be able to practice. You can sign off reports in your individual capacity. Just note that if you will be signing off audit reports you need to register with the IRBA to be a registered auditor.*

**7. Question**

Do I need to register for a practice number?

**Answer**

*If you are a sole practitioner you can use your SAICA number as your practice number. Alternatively you can apply for the practice number meaning you will be signing off reports in the capacity of your company as opposed to individual capacity*

**8. Question**

Is this an annual renewal, and what is the fee? (Practice registration fee)

**Answer**

*Yes, it annual fee of R270, I have attached the form*

**9. Question**

If had to renew a (Pty) Ltd which option should i choose? A Sole Practitioner? (Practice registration form)

## **Answer**

Ideally the practice number is only for Partnerships, Incorporated Companies and Close Corporations to utilize this number for the purpose of registering with CIPC as an accounting officer. This comes from the fact that In order for CIPC to appoint your firm as an accounting officer it needs to be either an incorporated company, Close corporation, or partnership, as the CC act requires the accounting officer to be joint and several liable. Thus a Pty would not able to be appointed. However if you operate in a PTY, you as the individual could be appointed using your SAICA membership number therefore you do not need to apply for the practice number

## **Restrictions on practice**

(c) Persons eligible to be appointed as practitioners are classified in the following three groups:

- **“senior practitioner”** means a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of at least 10 years.
- **“experienced practitioner”** being a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of at least 5 years;
- **“junior practitioner”** means a person who is qualified to be appointed as a business rescue practitioner in terms of section 138 (1) and who, immediately before being appointed as practitioner for a particular company, has either—
  - (aa) not previously engaged in business turnaround practice before the effective date of the Act, or acted as a business rescue practitioner in terms of the Act; or
  - (bb) has actively engaged in business turnaround practice before the effective date of the Act, or as a business rescue practitioner in terms of the Act, for a combined period of less than 5 years.

(3) A junior practitioner—

(a) may be appointed as the practitioner for any particular small company; but

(b) may not be appointed as the practitioner for any medium or large company, or for a state owned company unless as an assistant to an experienced or senior practitioner.

(4) An experienced practitioner—

(a) may be appointed as the practitioner for any particular small or medium company; but

(b) may not be appointed as the practitioner for any large company, or for a state owned company unless as an assistant to a senior practitioner.

(5) A senior practitioner may be appointed as the practitioner for any company.

## **10. Question**

My Client wants to register a PTY Ltd. He is currently prevented from doing so because CIPC's website says he is disqualified to be a director. We think this is because an earlier CC of him was declared insolvent. This is now almost 10 years from the sequestration date (22-9-2005). I understand that after 10 years from sequestration, one automatically is rehabilitated. Is this correct? How do go about at CIPC to change this?

**Answer:**

*127A. Rehabilitation by effluxion of time.—(1) Any insolvent not rehabilitated by the court within a period of ten years from the date of sequestration of his estate, shall be deemed to be rehabilitated after the expiry of that period unless a court upon application by an interested person after notice to the insolvent orders otherwise prior to the expiration of the said period of ten years.*

*This is where the 10 year period comes from. With regards to the CIPC process I cannot find something to this regard.*

*The person might need to send a letter from a lawyer to CIPC informing them that the 10 years has passed and he would like to be a director of a company.*

*Maybe you can ask Vuyani?*

*VN Response- The insolvency Act does provide for an automatic rehabilitation after 10 years however provided there was no objection to such rehabilitation by the interested parties. That being the case CIPC will require a statement under oath regarding the automatic rehab and that no objection was made and a certified ID copy of the deponent.*

#### **11. Question**

I recently left my position at Standard Bank to start my own company doing Financial Modelling and adhoc financial Modelling. Saw some information about a practice number of the SAICA site (I am a CA(SA) ) and was wondering if I need a practice number or if that is only if I was going into auditing?

#### **Answer**

*The objective of the practice registration number is to provide Partnerships, Incorporated Companies and Close Corporations with a practice number to register with CIPC as an accounting officer. If you are a sole practitioner you do not have to apply for a practice number because you can use your SAICA number since you will be signing off in your individual capacity. I am not sure of what is the form of your entity but note that private company is excluded because it cannot be an accounting officer because of the Joint and severally liability factor.*

#### **12. Question**

We have received three requests from ABSA and Standard Bank to confirm solvency on certain clients. Can you please guide me to what I can send to them to explain that I cannot confirm solvency.

#### **Answer**

*There is no specific guidance for issuing solvency certificates. Members are advised to provide the bank with factual information relating to the assets and liabilities of the entity based on the most recent audited financial statements. Where the certificate is required for a date other than the date of the most recent audited financial statements, members are advised to enter into an agreed upon procedures engagement.*

#### **13. Question**

I would like to register a small practice, and would like to know what are the requirements and the steps I need to follow to register such a practice. I am a CA since 1990 and my SAICA number is 00107302. Can you please assist?

#### **14. Question-**

The above notice relating to late and non-submission of financial statements refer. It was always understood that only AUDITED financial statements needed to be submitted meaning that financial statements subject to independent review or just a compilation was excluded from the submission requirements.

1. In the above notice reference is only made to company financial statements - no indication whether all financial statements or only audited financial statements.
2. In the second half of the notice reference is also made Close Corporations thus creating confusion.

Please provide clarity whether the requirement to submit financial statements

1. refers to companies AND close corporations; and
2. whether only audited financial statements need to be submitted or all financials irrespective of the nature of the report

### **Answer**

*Kindly note that the submission of annual financial statements relates to both audited and independently reviewed, whilst for companies with a public interest score below 100 – financial accountability supplements must be filed annually during the submission of annual returns.*

*Please read Section 30, Section 33, and Regulation 30 for a full understanding of what is required from companies and close corporations. Also read Schedule A (5) for applicability of the notice to close corporations.*

*We rely on your correct advice to your membership to ensure full and timeous compliance to the provisions of the Companies Act, Act 71 of 2008 as amended.*

### **15. Question**

I want to start a practice, please advise what are the requirements

**Answer-***There are no requirements from SAICA but rather some important information that you need to be aware of. You need to decide on the type of entity you will be operating under whether it is a Close Corporation, Incorporated Company, PTY or practice in your own name as a sole practitioner, etc. Just note that trading under certain types of entities may limit you in terms of services you wish to provide, for example you cannot provide auditing services under a PTY. Let me know if you require more information in this regard.*

*SAICA also offers the following resources which might be of assistance to you.*

1. We have [discussion groups around](#) the country where practitioners from small medium practices meet to discuss challenges they face and give each other advice. If you are interested in joining a discussion group please go to our [website](#) to find discussion groups close to your area.
2. If in future you are interested in becoming training officer, please email Adri Kleinhans at [adrik@saica.co.za](mailto:adrik@saica.co.za)
3. Read our [SMP quarterly newsletter](#) which is directed at the needs of the SMPs.
4. Register your accounting firm to the [findaCASA](#) portal .SAICA's marketing and branding efforts direct potential clients to [www.findacasa.com](http://www.findacasa.com) with the following core message: Regardless of the size or nature of the industry you are in... a CA(SA) can add immediate and measurable value to your business.
5. [Operational Query Register \(OQR\)](#) SAICA has developed an Operational Query Register (OQR) for escalation of long outstanding CIPC and SARS queries. Please go to our [website](#) and log in with your membership details to access the OQR. [www.saica.co.za/oqr](http://www.saica.co.za/oqr)
6. Visit our [technical information site](#) for technical information on accounting, assurance, companies act, taxation and much more.

7. [Masters office](#)- we hold quarterly meetings with masters office to discuss the developments and to raise concerns on behalf of our members. So If you have any queries relating to the masters office please email to [mastersoffice@saica.co.za](mailto:mastersoffice@saica.co.za)
8. We have [SAICA logos](#)- Should you wish to use them on your letterhead, email signature etc.
9. I have attached Practice number registration form and Guide for registration as a tax practitioner
10. Visit our Small Medium Practice [webpage](#) at [www.saica.co.za/smp](http://www.saica.co.za/smp) directed at the needs of SMPs.
11. SAICA has developed a [Start in Practice](#) product which includes a 70 page manual on items to consider when starting in practice and a 3hr DVD recording of the practice management courses. The product is available for [order](#) on the website. Cost R456 Vat Inc.