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Information Sheet – Professional accountants and Trust Accounts

This information sheet has been prepared to provide information to stakeholders on the requirement for an accountant in public practice to open a Trust Account in circumstances where they need to transact with client monies.

Overview

- Professional accountants in public practice¹ are required to open a Trust Account that has the features set out in APES 310 *Client Monies* (APES 310).
- A professional accountant who is a member of Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia or the Institute of Public Accountants (IPA) and holds a public practice certificate must comply with these requirements, and the Member's compliance with these obligations is subject to periodic review as part of a mandatory annual audit.
- A Trust Account must contain the following features:
 - the account name or title must contain the words 'Trust Account' as well as the professional accountant's or firm's name
 - the Financial Institution must acknowledge (for example in the terms and conditions or separate agreement) that they:
 - are not entitled to combine the Trust Account with any other account; or
 - cannot exercise any right to set-off or counterclaim against monies in that account
 - interest payable on the Trust Account balance is credited to the Trust Account only.

Why does a professional accountant in public practice need to open a Trust Account?

Professional Accountants in Public Practice¹ are required to open a Trust Account in accordance with APES 310 *Client Monies* (APES 310) when they transact with Client Monies. The professional accountant is prohibited from holding client monies in their own personal bank account or in their business bank accounts; this is in order to safeguard the client's assets which is not the property of the professional accountant. Client monies must be held in a separate bank account that is clearly designated as a Trust Account.

Other professionals, such as solicitors or real estate agents, are also required to open a Trust Account. The difference for professional accountants is that the requirement comes from professional and ethical standards rather than law and regulations. The only exception to this is in Queensland where state legislation covers Trust Accounts opened by professional accountants.

Criteria the professional accountant should satisfy to be able to open a Trust Account

The key criteria a professional accountant should meet are:

- a current membership of either CA ANZ, CPA Australia or IPA; and
- holds a current Certificate of Public Practice (which is sometimes called a Professional Practice Certificate).

These items will provide evidence that the professional accountant is required to comply with the professional and ethical standards set out in APES 310 *Client Monies*.

Key terms and conditions of the Trust Account

APES 310 sets out key terms and conditions for the Trust Account including:

- the bank account title must contain the words 'Trust Account' as well as the professional accountant's or firm's name (APES 310 para 5.1);
- the Trust Account will only contain Client Monies (APES 310 para 5.4(a));
- the bank must acknowledge they:
 - are not entitled to combine the Trust Account with any other account; or

¹ Professional Accountant in Public Practice means a member of CA ANZ, CPA Australia or IPA who holds a public practice certificate.

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- cannot exercise any right to set-off or counterclaim against monies in that account in respect of any sum owed to the Financial Institution on any other account (APES 310 para 5.4(a));
- interest payable on the Trust Account balance is credited to the Trust Account (APES 310 para 5.4(b)); and
- a copy of the terms and conditions are kept by the professional accountant (APES 310 para 5.5).

In addition, the professional accountant should bear any Financial Institution, statutory or other government charges. This could occur by the charges being allocated to another bank account held by the professional accountant or through the professional accountant reimbursing the Trust Account for these charges.

Compliance with these requirements are checked as part of a mandatory annual audit performed by an independent auditor as specified in the requirements in APES 310.

Are the professional and ethical standards law?

No, the professional and ethical standards set by the APESB are not law. Although some of the APESB Standards have the force of law, for example auditor independence requirements in APES 110 *Code of Ethics for Professional Accountants*.

However, any accountant who is a member of CA ANZ, CPA Australia or IPA must comply with the requirements and guidance in APESB pronouncements, including APES 310. An accountant can face disciplinary action from the applicable professional bodies if they do not comply with the APESB pronouncements.

When a professional accountant is a tax practitioner registered with the Tax Practitioners Board (TPB) there is an obligation in the *Tax Agent Services Act 2009* to report on client money or property held on Trust. This is a legally enforceable obligation. Additional guidance on this obligation can be found in *TPB (I) 15/2012: Code of Professional Conduct – Holding money or other property on trust* available on the TPB website: www.tpb.gov.au.

Where can I access more information or help with these requirements?

For further details on the specific requirements that apply to Trust Accounts operated by professional accountants please refer to the complete version of APES 310 which is accessible on the APESB website: apesb.org.au.

To **verify the professional accountant's membership details or for general information** on Trust Accounts and professional accountants please contact the relevant professional accounting body using their details below:

CA ANZ	CPA Australia	IPA
<p>Website charteredaccountantsanz.com</p> <p>Email service@charteredaccountantsanz.com</p> <p>Phone 1300 137 322</p> <p>+61 2 9290 5660 (outside of Australia)</p>	<p>Website cpaaustralia.com.au</p> <p>Email</p> <p>Phone 1300 73 73 73 (within Australia)</p> <p>+61 3 9606 9677 (outside of Australia)</p>	<p>Website publicaccountants.org.au</p> <p>Email headoffice@publicaccountants.org.au</p> <p>Phone +61 3 8665 3100</p>

For assistance in relation to **accessing the Standard APES 310**, please contact the APESB in one of the following ways:

Website: apesb.org.au
 Email: enquiries@apesb.org.au
 Phone: 03 9670 8911

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For further information about the **TPB and obligations under the Code of Professional Conduct in the Tax Agent Services Act 2009**, please visit the TPB website at www.tpb.gov.au.

This information sheet was prepared by the Technical Staff of the [Accounting Professional & Ethical Standards Board](#) (APESB) and is for information purposes only. It provides general information in respect of the professional requirements for a Professional Accountant in Public Practice to open and operate a Trust Account in accordance with APES 310. There are also other professional and ethical obligations the Members need to comply with in respect of Client Monies which are set out in APES 310.

About APESB

APESB is governed by an independent board of directors whose primary objective is to develop and issue, in the public interest, high-quality professional and ethical pronouncements. These pronouncements apply to the membership of the three major Australian professional accounting bodies (CPA Australia, Chartered Accountants Australia and New Zealand and the Institute of Public Accountants).

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