

BooksBetter

News & Information for Canadian QuickBooks Users | Edited by Arlene Nora Arlow |

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A Newsletter to Serve and Celebrate Serious QuickBooks ® Users

CONGRATULATIONS & THANK YOU:

The Addventive Academy salutes those who attended the Canadian Bookkeepers Association annual conference, June 21-24, 2006 at Harrison Hot Springs, BC. Three lucky attendees won free copies of *Bookkeeping with QuickBooks ® The Canadian Guide*:

Maxine Blinston
Jeannette LaRiviere
Linda Aleks

A high point was the inspirational talk by Evelyn Jacks of The Knowledge Bureau. A big thank you to Debbie Madsen for her help at the CBA conference! And thank you to the CBA Board of Directors for a wonderful conference. Well done!

QUICKBOOKS MEMORIZED TRANSACTIONS

Changing the GST rate in the "Tax Code List" in your QuickBooks company files will not change the GST from 7% to 6% in "Memorized Transactions".

To address this issue from the "Memorized Transaction List", (one-at-a-time) double-click on each memorized transaction. If it is an "expense" transaction (a "bill" or "cheque" or "credit card"), first change the total \$ amount of the transaction using 6% GST. If it is an income transaction such as an invoice, the total will recalculate automatically:

Next, change the tax code in each applicable line of the transaction to something *OTHER THAN* what it first displays as, then immediately change it back to the correct tax code. Once you have done that with each line, click on "Edit" and "Save Memorized Transaction". When prompted, select "Replace". Close but **DO NOT SAVE** the transaction as you close it. The transaction will now post with 6% GST.

"DO YOU KNOW WHERE YOUR [CREDIT CARD] MONEY IS?"

A few words to the wise:

Our affiliate, Axis Office Services, uses Global Payments to receive and process credit card payments from clients and customers. Although there were no credit card payments received by our affiliate in 2005, monthly merchant account statements were sent out for the appropriate service charges. Those service charges were consistently taken from the bank account.

In 2006, Axis Office Services processed credit card payments from some of our clients. These credit card payments appeared on the Global Payments monthly statements. In June, we realized the uncleared transactions in the bank rec told us the funds had not been received. Our affiliate wrote to Global Payments requesting the funds. Two weeks later, our affiliate received a phone call indicating they were to call another number to have the funds released. They did so.

Two more weeks and still no funds. More phone calls. Promises that the funds would be released "within 72 hours". A week later, still no funds. More phone calls. Global Payments always had the same reason: that the account had been put "on hold due to inactivity" and that it was a "pilot project of their new policy". Interestingly, they hadn't neglected the merchant account completely, because they were taking the service charges from the bank account.

Only after hitting the "M-A-D" resource button were the funds released. When asked why Global Payments had not notified anyone that the account was put on hold for over a year, a satisfactory reply was not forthcoming. "**Do you know where YOUR [credit card] money is?**"

EDITORIAL: THE CANADIAN BOOKKEEPERS ASSOCIATION: IT'S NOT JUST ABOUT YOU

by Arlene Arlow, President and Executive Director
Addventive Academy

An associate recently asked me, "Why join the CBA? What do they have for *me*?" After about an hour of batting the idea around, my associate surprised me by saying, "I guess it's like John F. Kennedy who said in his inaugural address, "Ask not what your country can do for you, but what you can do for your country."

The Canadian Bookkeepers Association was formed in 2004. The CBA isn't just about "YOU". It is way bigger than that. If the bookkeeping industry doesn't raise the bar from *WITHIN*, the standards will be imposed from *WITHOUT*.

The accounting industry worldwide is moving toward internationally-recognized principles. They can see the future, and the future is *everybody getting on the same bus* (see "BooksBetter", February, 2006 , "**How is GAAP Changing In The Future?**").

Something good always comes out of something bad. The Enron scandal paved the way for change in CGA, CA and CPA accountability. If professional accounting organizations can take the initiative *FROM WITHIN* to advance their profession en-masse, surely bookkeepers in Canada - a country recognized around the world for its audit standards - can rally the troops and pass the torch within their ranks?

Or must we wait for something bad to happen before something good can come about? Do we need government to impose regulation on an industry that has long-neglected its obligation to standardize the quality of its training and services? If we want respect, we need to earn it. Do we want more government regulation?!

We live in a litigious society. There *is* safety in numbers, but the numbers - the members - need to grow. No person is an island unto themselves.

We CAN learn from each other, we CAN help each other, and we CAN all rise up together: but not if we're waiting for someone else to do what needs to be done.

THE MOST COMMON BOOKKEEPING ERRORS

- ☑ not sorting paperwork and receipts by date WITHIN EACH MONTH prior to engaging data entry (this causes transactions to be posted twice)
- ☑ posting an expense as a fixed asset
- ☑ posting a fixed asset as an expense
- ☑ posting personal purchases as business expenses instead of posting them to an equity acc't (even if the acc't is labelled "Personal Purchases", to post them to an expense acc't is wrong)
- ☑ (in computerized software) posting a personal expense to the appropriate equity acc't but still taking the GST ITC. In QuickBooks, this involves using a tax code in the transaction
- ☑ posting PST on expenses to the "PST Liability" acc't
- ☑ not cleaning up "garbage" or "clearing" acc'ts
- ☑ using an "Expense" acc't as "Garbage" or "Clearing" acc't instead of a Balance Sheet acc't
- ☑ not taking depreciation
- ☑ not reconciling the bank acc't
- ☑ not reconciling the "GST" and "PST" liability acc'ts each reporting period
- ☑ not posting transactions to clean up duplicate or stale-dated transactions in the bank acc't
- ☑ not posting cash payroll advances
- ☑ posting employee payroll advances to an expense acc't
- ☑ "expensing" the net amount of an employee's cheque without putting the appropriate employer taxes in the expense PLUS not posting through a liability acc't for the payroll taxes
- ☑ posting donations of a proprietorship as a business expense (donations are recorded on the personal tax return)
- ☑ not amortizing large software purchases over 2 fiscal periods
- ☑ using the wrong class for amortization
- ☑ paying parties as subcontractors who would not meet the criteria as per CRA bulletin RC4110
- ☑ posting 100% of the GST on meals to "GST Payable" or "GST Paid"
- ☑ changing sales transactions *AFTER* a GST, PST or Tax Return has been filed
- ☑ not verifying the client's Balance Sheet values
- ☑ not pro-rating vehicle and office-in-home expenses for the "personal use" portion