

BooksBetter

News & Information for Canadian QuickBooks Users | Edited by Arlene Nora Arlow | No. 10 October 2008

A Newsletter to Serve and Celebrate Serious QuickBooks ® Users

QUICKBOOKS 2009

and QuickBooks Multicurrency

QuickBooks 2009 is now available. The first release of QuickBooks 2009 does not allow the transfer of "Multicurrency" files. Intuit Canada is currently working on the conversion platform and is expected to announce whether QuickBooks Multicurrency users will have the luxury of transferring to QuickBooks 2009 or whether their license for QuickBooks Multicurrency will simply be extended.

You can manually download QuickBooks updates at:

<http://support.intuit.ca/quickbooks/updates/>

PERSONAL REAL ESTATE CORPORATIONS INTRODUCED IN BRITISH COLUMBIA

On January 1, 2009, the Province of British Columbia and the Real Estate Council of British Columbia will permit individual real estate licensees to form personal real estate corporations. British Columbia is first province in Canada to offer this corporate structure to licensed realtors.

The personal real estate corporation structure will allow licensees to take advantage of better tax planning and is similar to options already available to dentists, accountants and lawyers.

For more information, check out the links on this web page:

<http://www.recbc.ca/>

TAX-FREE SAVINGS ACCOUNT

On January 1, 2009, the government of Canada will permit Canadians to contribute up to \$5000 per year into a registered Tax-Free Savings Account" (TFSA). The income from the funds invested is tax-free. Unused contributions can be carried forward to future years.

Contributions to the account are not deductible for tax purposes, and withdrawals of contributions and earnings from the account are not taxable.

For more information, check this link:

<http://www.cra-arc.gc.ca/gncy/bdgt/2008/txfr-eng.html#q1>

ACCOUNTING & BUSINESS TERMS EXPOSED

The Addventive Academy has compiled a list of accounting and business terms that your client (or their accountant or lawyer) may understand, but which you may not. Check upcoming issues of "BooksBetter" for more terms!

Accrual Basis Accounting (see also Cash Basis Accounting)

Simply put, accrual basis accounting is the posting of income and expenses as they occur, rather than when the money for the transaction changes hands. Accrual basis accounting requires a "bill" or "invoice" to be created using a date that corresponds to when the service or goods were/are provided. The recipient of the "bill" or "invoice" records the transaction using the same date.

Accrual Basis Accounting - cont'd

Accrual basis accounting requires the expense incurred to pursue income to be recorded in the same period as when the income is recorded.

In Canada, all businesses except farmers, fishermen and self-employed commission salespeople must use the "accrual basis" of accounting. In the United States, protocols allow for most small businesses to choose their method of accounting.

Accrual

An accrual is a transaction posted to the ledgers in advance of when the expense actually occurs. An accrual accounts for an expense which - if it had occurred - would pertain to the period in which it is being recorded.

An accrual helps satisfy the principles of accrual basis accounting where there is no other documentation available.

An example of an "accrual" is recording the anticipated fees for preparation of a business tax return on the last day of the fiscal year when in fact, the accountant's bill will not be generated until weeks or months later.

An accrual entry recorded on the last day of a fiscal year is reversed on the first day of the following fiscal year ie) - the next day.

Adjustable Rate Mortgage (see Floating Rate Mortgage and Open Mortgage)

Amortization (see also Depreciation)

Amortization is the process of writing off loans and other intangible assets in equated annual or monthly installments over a scheduled period.

Asset

An Asset of a business or entity is an item owned by the business or entity which is or can be converted to cash. Assets are offset by liabilities.

Audit (see Engagement)

Bid Bond (see Surety Bond)

Bond (see also Stock, see also T-Bill)

A Bond is a long-term debt instrument sold by companies, banks and government to investors. The bonds help raise capital to finance operations.

The investor almost always receives interest on their money.

In addition to interest payments and the return of principal, bondholders are given precedence over stockholders in case of liquidation.

Credit quality and duration are the principal determinants of a bond's interest rate. Bond maturities range from a 90-day T-Bill to a 30-year government bond. Corporate and municipal bonds are often in the 3 to 10-year range.

Book Value (see Equity)

Capital Cost

The Capital Cost is the initial purchase price of a property exclusive of land. The Capital Cost includes legal, accounting, installation and other fees incurred related to the buying or construction of a property plus costs of additions and improvements which are not eligible as current expenses.

Capital Cost Allowance - CCA (see also Amortization, see also Depreciation)

Capital Cost Allowance (CCA) is the portion of the cost of a property or asset that is deductible for income tax purposes on property acquired for the purposes of producing income. Capital Cost Allowance rates (usually a percentage of the declining balance) vary between classes.

For CCA classes, refer to this link:

<http://www.parl.gc.ca/information/library/PRBpubs/prb0606-e.htm#appendixa>