

Watch out
TFSA
contribution
limit

PRESIDENT'S NOTE

Dear Members and Students,

Summer is coming to an end and the COVID 19 pandemic threat is still ongoing. It seems like this will be an ongoing Health matter until a vaccine is available. I firmly believe that Canada is doing an amazing job in flattening the curve and handling the financial crisis caused by the pandemic.

The Society's Annual General Meeting (AGM) and Small Business Week celebration has been scheduled for Saturday October 17, 2020 from 9:00 am to 4:00 pm EST. Due to the COVID 19 social distancing policies in effect, this AGM will be held virtually via Zoom and will be broadcast on YouTube and Facebook. All our board meetings are held on Zoom media, I will urge the members from across Canada to represent their Provinces and Territories by seeking the position to serve on the board of directors. Our board meetings are also open to members to attend as an observer and to learn about the Society's activities and progress. Please register for the AGM by clicking the link to the AGM invite.



Taking advantage of the down time from COVID 19, The Society of Professional Accountants of Canada is working to finalize the RPA Mandatory Professional Exam and the review session. The Board has already approved the competency outline for the MPE and targeting to have the review session and examination scheduled by mid-October. The RPA education program is gaining traction and student registration is growing day by day. The RPA Education Committee is working diligently in moving the education program forward.

As part of our Small Business Week celebrations, the Society will be honoring Women Entrepreneurs with RPA Awards. We are still accepting the nominations for the Women Entrepreneur Award. Please submit the nominations for any successful woman entrepreneur for the RPA Small Business Award

The Society is serious about the CPD of its members. The Bylaws of the Society required a minimum 20 hours of CPD credits annually. Members have been issued their CPD credit advance report and those who are behind in their CPD credit have until December 31, 2020 to complete minimum CPD hours.

In order to improve the knowledge of our practicing members and maintaining good practice standards, the Society is preparing for the RPA Professional Practice guideline, practice manual, training, certification and peer review that will be implemented in the year 2021.

The RPA "Professional Accountant" Newsletter has become a regular monthly publication for members and students. I urge the members to provide written material on research, information and their personal achievements for the RPA Newsletter. We are also looking for volunteers to assist the Society in office duties or serve on committees. If you can help the Society please contact the office or email me so that the Society can benefit from your knowledge and experience.

Together, I am sure that we can and will do better.

Wishing you a healthy rest of the summer.

**Zubair Choudhry, RPA, APA
President/CEO**

Women Entrepreneur Award

RPA is accepting Nominations for the distinguished RPA Women Entrepreneur 2020 award. This prestigious award recognizing the country's leading female entrepreneurs. If you are a business women with outstanding achievements or recognize someone who deserves this award, please nominate by visiting our website RPA website <https://rpacanada.org/women-entrepreneur-nominee-form-2020/>

We are accepting nomination until 1 October 2020.



Women entrepreneurs are playing an important role in the Canadian economy by creating jobs, paying taxes and selling products and services and RPA wants to recognize for their contribution to the Canadian society.

The ceremony will be hold virtually on Saturday, October 17, 2020 from 09:30 am to 04:00 pm. To register, please follow:

https://us02web.zoom.us/meeting/register/tZAvcuiorjgsEtBjYb3k_hGylvuKbb0FO71Z

TECH TIP

Sharing MS Access Reports-Automate the process

Microsoft Access is a database management tool. Its interface with other MS Office applications provides an opportunity to automate tasks and eliminate non value added activities. For example, one routine activity is sharing reports with colleagues. In MS Access this task can be automated with the help of a readymade macro. Here are the steps:

1. Make sure your MS Access report is running without errors.
2. Open any MS Access form, add a command button and give it a name.
3. Select the command button and open the property sheet.
4. Make sure command button is still selected. Click "Choose Builder" [a button with three dots] button of "On Click" event under the Events tab in the property sheet.
5. A small window will pop up. Select "Macro Builder" and click OK.
6. You will reach to Macro Builder window and on the left top corner, you will find "Add New Action" list. Click the dropdown and select "EmailDatabaseObject".
7. MS Access will open the macro with a list of arguments:



The screenshot shows the Macro Builder window in Microsoft Access. The window title is "Form1 : Command2 : On Click". The main area is titled "EmailDatabaseObject" and contains the following fields:

- Object Type: A dropdown menu.
- Object Name: A dropdown menu.
- Output Format: A dropdown menu.
- To: A text input field.
- Cc: A text input field.
- Bcc: A text input field.
- Subject: A text input field.
- Message Text: A text input field.
- Edit Message: A dropdown menu with "Yes" selected.
- Template File: A text input field.

At the bottom left, there is a "+ Add New Action" button with a dropdown arrow.

8. Fill the values in the arguments list:
 - a. **Object Type** : Select the object from the dropdown list that you would to share. For example a Report.
 - b. **Object Name** : Select the name of the object from the dropdown list. If you have selected "Report" in the above step, MS Access will show name of all reports in the dropdown.
 - c. **Output Format** : Select output format form the dropdown. Most commonly used formats are XLS, PDF.
 - d. **To** : Enter email addresses of the recipients.
 - e. **CC and BCC** : Recipients of Carbon Copy and Blind Carbon Copy.
 - f. **Subject** : Enter the text that you would like to appear in the subject line of your email message.
 - g. **Message Text** : Write the text to include in the body of your email.
 - h. **Edit Message** : This is very important. There are two values in the dropdown - **Yes** and **No**. Select **Yes** if you want to edit message before sending it to the recipient. If you select No, MS Access will create an email and will send to the recipient without giving you chance to edit.
 - i. **Template file** : This may not be necessary. Enter path and file name if you want to use a template file.

TAX TIP

Watch out TFSA contribution limit

Here is Canada Revenue Agency guideline regarding TFSA contribution limit.

The maximum amount that you can contribute to your TFSA is limited by your TFSA contribution room. All TFSA contributions made during the year, including the replacement or re-contribution of withdrawals made from a TFSA, will count against your contribution room. Qualifying transfers, exempt contributions and specified distributions are not considered in the calculation of contribution room.

At any time in the year, if you contribute more than your allowable TFSA contribution room, you will be considered to be over-contributing to your TFSA and you will be subject to a tax equal to 1% of the highest excess TFSA amount in the month, for each month that the excess amount remains in your account.

You do not need to have earned income to contribute to a TFSA. As the account holder, you are the only person who can do the following with your TFSA:

- make contributions
- make withdrawals
- determine how funds are invested

You can give your spouse or common-law partner money to contribute to their own TFSA without having that amount, or any earnings from that amount being attributed back to you, but the total contributions you each make to your own TFSAs cannot be more than your TFSA contribution room.

Contributions made to a TFSA are not tax-deductible. Management fees related to a TFSA trust and paid by the holder are not considered to be contributions to the TFSA. The payment of investment counsel, transfer, or other fees by a TFSA trust will not result in a distribution (withdrawal) from the TFSA trust.

Your TFSA contribution room is the maximum amount that you can contribute to your TFSA. Since 2009, your TFSA contribution room accumulates every year, if at any time in the calendar year you are 18 years of age or older and a resident of Canada. Only contributions made under a valid SIN are accepted as TFSA contributions.

You will accumulate TFSA contribution room for each year even if you do not file an Income Tax and Benefit Return or open a TFSA.

The annual TFSA dollar limit for the years 2009 to 2012 was \$5,000.

The annual TFSA dollar limit for the years 2013 and 2014 was \$5,500.

The annual TFSA dollar limit for the year 2015 was \$10,000.

The annual TFSA dollar limit for the year 2016 and 2018 was \$5,500.

The annual TFSA dollar limit for the year 2019 is \$6,000.

The TFSA annual room limit will be indexed to inflation and rounded to the nearest \$500. Investment income earned by, and changes in the value of your TFSA investments will not affect your TFSA contribution room for current or future years.

Mandatory Professional Exam

Inventories

In merchandising companies, inventory is a company asset that includes beginning inventory plus purchases, which include all additions to inventory during the period. Every time the company sells products to customers, they dispose of a portion of the company's inventory asset. Goods available for sale refers to the total cost of all inventory that the company had on hand at any time during the period, including beginning inventory and all inventory purchases. These goods were normally either sold to customers during the period and thus reported as cost of goods sold, an expense account on the income statement, or these goods are still in inventory at the end of the period and reported as ending merchandise inventory, an asset account on the balance sheet.

A critical issue for inventory accounting is the frequency for which inventory values are updated. There are two primary methods used to account for inventory balance timing changes: the periodic inventory method and the perpetual inventory method.

A periodic inventory system updates the inventory balances at the end of the reporting period. At that point, a journal entry is made to adjust the merchandise inventory asset balance to agree

with the physical count of inventory, with the corresponding adjustment to the expense account, cost of goods sold. This adjustment shifts the costs of all inventory items that are no longer held by the company to the income statement, where the costs offset the revenue from inventory sales, as reflected by the gross margin. As sales transactions occur throughout the period, the periodic system requires that only the sales entry be recorded because costs will only be updated during end-of-period

adjustments when financial statements are prepared. However, any additional goods for sale acquired during the month are recorded as purchases.

A perpetual inventory system updates the inventory account balance on an ongoing basis, at the time of each individual sale. This is normally accomplished by use of auto-ID technology, such as optical-scan barcode or radio frequency identification (RFID) labels. As transactions occur, the perpetual system requires that every sale is recorded with two entries, first recording the sales transaction as an increase to Accounts Receivable and a decrease to Sales Revenue, and then recording the cost associated with the sale as an increase to Cost of Goods Sold and a decrease to Merchandise Inventory. The journal entries made at the time of sale immediately shift the costs relating to the goods being sold from the merchandise inventory account on the balance sheet to the cost of goods sold account on the income statement.



Get ready to unlock your next step to become **RPA**

RPA Board of Directors has approved the new course outline for RPA MPE Exam. The target date for MPE Exam is mid of October 2020. Review sessions schedule will be announced soon.

Little or no adjustment is needed to inventory at period end because changes in the inventory balances are recorded as both the sales and purchase transactions occur.

The specific identification method refers to tracking the actual cost of the item being sold and is generally used only on expensive items that are highly or inherently distinctive. This method is too cumbersome for goods of large quantity, especially if there are not significant feature

Mandatory Professional Exam

differences in the various inventory items of each product type.

The first-in, first-out method records costs relating to a sale as if the earliest purchased item would be sold first.

However, the physical flow of the units sold under both the periodic and perpetual methods would be the same. Due to the mechanics of the determination of costs of goods sold under the perpetual method, based on the timing of additional purchases of inventory during the accounting period, it is possible that the costs of goods sold might be slightly different for an accounting period. Since FIFO assumes that the first items purchased are sold first, the latest acquisitions would be the items that remain in inventory at the end of the period and would constitute ending inventory.

The last-in, first out method records costs relating to a sale as if the latest purchased item would be sold first. As a result, the earliest acquisitions would be the items that remain in inventory at the end of the period.

The weighted-average cost method requires a calculation of the average cost of all units of each inventory items. The average is obtained by multiplying the number of units by the cost paid per unit for each lot of goods, then adding the calculated total value of all lots together, and finally dividing the total cost by the total number of units for that product. As a caution relating to the average cost method, note that a new average cost must be calculated after every change in inventory to reassess the per-unit weighted-average value of the goods. This laborious requirement might make use of the average method cost prohibitive.

Test your knowledge

1. The use of a Purchase Discounts Lost account implies that the recorded cost of a purchased inventory item is its:

- A. invoice price.
- B. invoice price plus the purchase discount price.
- C. invoice price less the purchase discount allowable, when taken.
- D. invoice price less the purchase discount allowable, whether or not taken

2. Which of the following inventory methods comes closest to stating ending inventory at replacement costs?

- A. FIFO.
- B. LIFO.
- C. Weighted-average.
- D. Base stock.

3. The use of LIFO under a perpetual inventory system (units and costs):

- A. may yield a higher inventory valuation than LIFO under a periodic inventory system when prices are steadily falling.
- B. may yield a higher inventory valuation than LIFO under a periodic inventory system when prices are steadily rising.
- C. always yields the same inventory valuation as LIFO under a periodic inventory system.
- D. can never yield the same inventory valuation as LIFO under a periodic inventory system.

4. One argument against the use of the specific identification inventory method is:

- A. actual costs are matched against actual revenues.
- B. estimated costs are matched against actual revenues.
- C. the potential for the manipulation of net income by selecting costs to match against revenues.
- D. that it is difficult to understand.

5. Difficulties relating shipping charges and storage costs, leading to a "breakdown" in the precision of costing is associated with which method?

- A. Dollar-value LIFO.
- B. Specific identification.
- C. FIFO.
- D. Average-cost.

6. The purchase of inventory items on account using the perpetual inventory method:

- A. changes working capital and the current ratio.
- B. has no effect on working capital but probably changes the current ratio.
- C. has no effect on the current ratio but probably changes working capital.
- D. has no effect on working capital or the current ratio.

4. C 5. B 6. B

Answers 1. D 2. A 3. B

RPA ANNUAL GENERAL MEETING

AGM 2020 NOTICE

The Annual General Meeting and Small Business Week Celebrations will be hosted via Zoom on **Saturday, October 17th, 2020.**

PLEASE SAVE THE DATE

RPA's and Student Members are encouraged to register for the event once the Zoom invitation has been received by email. Thus, please take this opportunity to update your email addresses with the society if you have not already done so.

RPA's Attendance will qualify for 5 hours of CPD credits.

Looking forward to an exciting AGM 2020 with all of you.

**Errol Lanns, RPA
Secretary,
The Society of Professional Accountants of Canada**

We are waiting for your feedback

Please write to us about your significant achievements, suggestions and feedback to include in the next eNewsletter. You can reach us at cpd@rpacanada.org



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