

LEARNING MADE EASY



9th Edition

MYOB[®]

for
dummies[®]
A Wiley Brand



Manage your business
finances with ease

Track your successes with
real-time business insights

Improve your workflows
and save on time

myob

Sonya Prosper

Bookkeeping advisor and MYOB consultant
Foreword by Paul Robson, CEO, MYOB



MYOB[®]

9th Edition

by Sonya Prosper

for
dummies[®]
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Contents at a Glance

Foreword	xv
Introduction	1
Part 1: Getting Started with MYOB	5
CHAPTER 1: Introducing MYOB Business	7
CHAPTER 2: Accounts, Customers and Suppliers	31
CHAPTER 3: Setting Up Opening Balances	53
Part 2: Everyday Activities	67
CHAPTER 4: Making Sales	69
CHAPTER 5: Changing the Game with Bank Feeds and Rules	99
CHAPTER 6: There Goes Your Cash!	133
CHAPTER 7: Here Comes the Money	155
CHAPTER 8: Purchases and Supplier Payments	187
CHAPTER 9: Reconcile Yourself	221
Part 3: Taking the Next Step	241
CHAPTER 10: Managing Items	243
CHAPTER 11: Setting Up Payroll	265
CHAPTER 12: Paying Your Employees	291
CHAPTER 13: Working with MYOB Team	323
CHAPTER 14: Taking Electronic Payments to the Next Level	349
Part 4: Making MYOB Work for You	363
CHAPTER 15: Reporting for Business	365
CHAPTER 16: The Gist of GST	381
CHAPTER 17: Understanding Your Business	407
CHAPTER 18: Keeping Your Accounts in Top Shape	425
Part 5: The Part of Tens	441
CHAPTER 19: Ten Useful Tools for Managing Cashflow	443
CHAPTER 20: Ten Essential Tasks When Preparing Your Business Activity Statement	451
Index	461

Table of Contents

FOREWORD	xv
INTRODUCTION	1
About This Book	1
Foolish Assumptions	2
Icons Used in This Book	2
Where to Go From Here	3
PART 1: GETTING STARTED WITH MYOB	5
CHAPTER 1: Introducing MYOB Business	7
Planning to Get Started	8
Choosing the right plan	9
Starting your new MYOB file	10
Setting up to be a winner	12
Gathering your wits about you	14
Using MYOB's Getting Started Guides to Set Up Your File	15
Getting your settings right to save you time	16
Setting up your Chart of Accounts	18
Connecting bank feeds	19
Preparing for sales	19
Talking about suppliers	20
Bracing for payroll	21
Getting into the Groove	21
Understanding what goes where	21
Working out your Dashboard	23
Setting priorities	23
Finding Your File Online	24
Logging back in	24
Packing up and going home	26
Inviting Others to Access MYOB	27
Adding new users and assigning roles	27
Inviting your advisors	29
CHAPTER 2: Accounts, Customers and Suppliers	31
Creating your Chart of Accounts	31
Looking at account classifications	33
Understanding account types	34
Adding your first new account	36
Thinking about that pot of gold	38
Deleting unwanted accounts	40

Polishing Your Chart of Accounts	41
Putting things in order	41
Grouping under the parent header	42
Merging accounts	44
Setting Up New Customers	44
Defining credit terms	44
Entering contact details	45
Importing contacts from other software	48
Adding New Suppliers	48
Looking After Your Contacts	50
Managing contact details	50
Deleting customers or suppliers	50
Finding transactions using accounts, customers or suppliers	51
CHAPTER 3: Setting Up Opening Balances	53
Customer Opening Balances and Historical Invoices (Sales)	54
Recording how much customers owe you	54
Checking your totals	56
Entering your Accounts Receivable total	57
Supplier Opening Balances and Historical Purchases	58
Account Opening Balances	59
Entering a few balances to get started	59
Balancing the whole kit and caboodle	61
Opening Inventory Balances	63
PART 2: EVERYDAY ACTIVITIES	67
CHAPTER 4: Making Sales	69
Recording Your First Sale (Yippee!)	69
Setting up services in your Items List	70
Using the Services and Items layout	73
Providing a service: Invoicing with the Services layout	77
Invoicing on the Go	78
Using the MYOB Invoice app	78
Logging into MYOB when you're out and about	80
Meeting GST Requirements	80
Ensuring your invoice is up to scratch	81
Tax doesn't have to be taxing	81
Toggling how you view prices	82
Digging Yourself Out of a Hole	83
Looking things up	83
Changing or deleting invoices	84
Raising credit notes	86
Working with Quotes and Sales Orders	88

Setting Up Repeating Sales	90
Creating recurring invoices	90
Recording sales automatically	91
Copying and changing recurring invoices	92
Sending Customer Invoices	93
Previewing your first invoice	93
Emailing invoices	93
Move over, here comes eInvoicing	95
CHAPTER 5: Changing the Game with Bank Feeds and Rules	99
Unlocking the Mystery of How Bank Feeds and Rules Work	100
Getting Hooked Up	101
Connecting your bank feed	101
Activating your bank feeds	104
Importing bank transactions into MYOB	104
Using Bank Feeds to Allocate and Match Transactions	106
Understanding the aim of the game	107
Allocating new transactions	109
Uploading receipts or invoices	111
Matching versus allocating transactions	112
Managing Your Bank Accounts	113
Adding new bank accounts	113
Transferring money from one account to another	115
Transferring funds when there's no match	116
Dealing with Tricky Situations	117
Transactions that don't match when they should	117
Deleting or changing bank feed transactions	119
Learning the Rules of the Game	120
Creating the perfect rules	121
Looking at rules for invoices or bills	124
Creating rules like a genius	126
Changing transactions when rules apply	127
Keeping Rules Nice and Schmick	128
Editing and deleting rules	128
Fixing things when you get a rule wrong	128
Creating allocation templates	129
Applying allocation templates	130
CHAPTER 6: There Goes Your Cash!	133
Recording Expenses	134
Working from the Bank Transactions page	134
Using the Spend Money menu	137
Splitting an expense across more than one account	138
Working with credit cards	139

Picking the Right Expense Account	139
Understanding GST (You'll Be the Only One).	142
Choosing the right tax code	142
Getting tax codes right, automatically	143
Recording mixed transactions	143
Locating and Changing Transactions	144
Badgering the Bank Transactions report	144
Flipping out with Find Transactions	145
Removing transactions	146
Changing transactions	146
Changing lots of transactions in one fell swoop	147
It's a Petty Business.	148
Stop using your personal card	149
Lock it up, tie it down	150
GST — when petty cash gets pettier	153
CHAPTER 7: Here Comes the Money	155
Seeing How Much You're Owed	156
Yippee! A Customer Has Paid Up	158
Matching customer payments from bank feeds	158
Matching transactions like a pro	159
Recording customer deposits from scratch	161
Grouping Customer Payments	163
Matching a deposit from multiple customers	164
Using the Undeposited Funds account for matching multiple transactions	165
Building Your Survival Kit	167
Following the customer payments trail	167
Changing customer payments	168
Deleting customer payments	168
Dealing with underpayments	169
Sorting out overpayments	170
Matching credits against debits	173
Creating account adjustments on the fly	174
Yee Haa! Someone Else Has Given You Money	175
Recording money that's not from customers	175
Figuring out which account to pick	176
Sending Customer Statements	178
Letting customers know how much they owe	179
Choosing your statement type	180
Chasing Money	180
Using invoice reminders	181
Thank heavens for credit cards	182
Show no mercy — cut 'em off	184
Know when it's a dead end	184

CHAPTER 8: Purchases and Supplier Payments	187
Deciding Whether You Need to Read This Chapter	188
Creating Purchase Orders	189
Ordering up big time.	189
Giving your purchase order a makeover	191
Sending purchase orders	192
Placing supplier deposits against purchase orders	193
Recording Supplier Bills	193
Receiving bills for items	193
Recording bills for services	196
Checking supplier ABNs	198
Calculating GST correctly	199
Using the In Tray	200
Getting documents into your In Tray	200
Working through your In Tray	201
Linking In Tray documents to bank transactions	203
Persuading your In Tray to play nice	204
Hitting Up the ATO with TPAR	205
Getting Everything Just Right	207
Deleting purchases — zap, they're gone!	207
Entering credit notes	208
Changing your mind	208
Facing the Music: How Much Do You Owe?	209
Recording supplier payments	209
Using bank feeds to match supplier payments	210
Applying supplier payments manually	211
Sending remittance advices	213
Looking up purchases and payments	214
Keeping Things in Tune	215
Recording overpayments	215
Recording part-payments or discounts	217
Fixing up supplier payments	217
Checking and applying supplier returns	218
Getting rid of odd amounts	219
CHAPTER 9: Reconcile Yourself	221
What Reconciling is All About	222
Getting Ready to Reconcile	222
Recording bank opening balances	223
Dealing with transactions that happened the day before	223
Reconciling Your Bank Account	224
Reconciling with bank feeds	224
Reconciling if you're not using bank feeds	227

Troubleshooting Tricks	229
Identifying your starting point	229
Locating transactions that disappear	230
Entering missing transactions on the go	231
Resolving the black hole of unmatched transactions	232
When Your Bank Account Just Won't Balance	234
Tricks to try before you kick the cat	234
Tricks to try before you kick the dog	235
Tricks to try before you kick the computer	235
Undoing the previous reconciliation	236
Keeping Good Records	238

PART 3: TAKING THE NEXT STEP 241

CHAPTER 10: Managing Items 243

Seeing if the Shoe Fits	244
Adding Items to Your Items List	245
Creating a new item	245
Specifying whether you buy, sell or track items	248
Telling things where to go	249
Entering opening stock counts	251
Taking things an extra step	251
Giving Your Items List the Once-Over	253
Finding item descriptions and details	253
Viewing item transaction details with the Items Register report	254
Changing items	255
Deleting items	255
Managing Inventory	255
Pricing to sell	256
Reporting to stay on top of stock control	256
Fixing Things When Stuff Goes Wrong	258
Adjusting the quantity of an item	259
Adjusting the cost of an item	261
Stocktaking for Success	263
Balancing Your Inventory	264

CHAPTER 11: Setting Up Payroll 265

Getting the Baseline Right	266
Reviewing your Payroll Settings	266
Checking linked accounts	267
Setting Up Pay Items	268
Creating wage pay items	269
Reviewing leave items	271
Double-checking super pay items	273

Adding a New Employee	275
Inviting employees onboard	275
Entering employee rates and other details	278
Completing payment details	282
Creating standard pay templates	283
Setting Up Single Touch Payroll	285
Making sense of ATO reporting categories	285
Checking you're ready to rock	285
Connecting to the ATO	286
Preparing to Pay Super	289
CHAPTER 12: Paying Your Employees	291
Processing Your First Pay	292
Preparing timesheets	292
Creating your first pay run	292
Keeping everything sweet	297
Checking all has gone to plan	298
Looking up previous pay runs	298
Reversing, deleting or adjusting pays	299
Managing Leave Payments	301
Paying annual leave and personal leave	302
Catching up on what's already owed	304
Fixing up leave when it's up the spout	305
Getting Superannuation Payments Right Using MYOB	307
Reporting on how much super you owe	308
Making payments using MYOB Pay Super	309
Withholding PAYG Tax	311
Checking your tax tables	312
Paying as you go	312
Recording tax payments	313
Balancing Your Payroll Accounts	313
Checking that your payroll accounts balance	314
Troubleshooting when things don't balance	314
Biting the Bullet	315
Wrapping up the Payroll Year	316
Checking your payroll data	317
Processing your STP finalisation	319
CHAPTER 13: Working with MYOB Team	323
Getting Started with MYOB Team	324
Checking you're good to go	325
Adding your employees	327
Capturing Time and Making Sense of Locations	329
Choosing your time capture type	330
Setting up a location	332
Assigning managers and employees to locations	335

Using MYOB Team: For Employees	338
Using timesheets and submitting leave requests	340
Making work life easier with MYOB Team	342
Creating and Viewing Rosters	342
Managing Approvals Using MYOB Team	344
Approving timesheets	344
Approving leave	347
CHAPTER 14: Taking Electronic Payments to the Next Level	349
Getting Ready for Electronic Payments	350
Setting up supplier details	350
Setting up employee details	351
Hooking up your bank account	353
Checking your linked accounts	355
Making Your First Electronic Payment	355
Creating supplier payments	355
Recording employee payments	357
Preparing your bank file for processing	357
Fixing Payments When Something Goes Wrong	360
PART 4: MAKING MYOB WORK FOR YOU	363
CHAPTER 15: Reporting for Business	365
Reviewing Your Report Settings	365
Generating Reports	367
Customising reports	367
Saving your customisations	370
Inserting additional layers of data	371
Exporting reports	372
Adding a Personal Touch to Your Reports	373
Understanding style templates	373
Bringing out the artist within	375
Stop the Press! Streamlining with Report Packs	376
Creating a report pack template	377
Generating a report pack	379
CHAPTER 16: The Gist of GST	381
Understanding Where Everything Fits	382
Reviewing Your Tax Codes	383
Keeping it lean	384
Dealing with input-taxed sales or purchases	385
Exporting goods to foreign lands	386
Creating a query code when you don't have a clue	386
Getting rid of excess fat	387

Picking the Right Tax Code	387
Guaranteeing perfection, every time	387
Setting up Tax Codes in your Chart of Accounts	388
Keeping everything squeaky-clean	389
Handling transactions when GST isn't 10 per cent	390
Assessing what's personal	392
Checking You're Ready to Do the Deed	392
Auditing your own accounts	392
Checking your opening balances	393
Reviewing your final reports	394
Completing Your Business Activity Statement	395
Creating your BAS report	396
Amending a BAS report	398
Lodging Your BAS Direct from MYOB	399
Notifying the ATO of your software ID	399
Configuring activity statement fields	400
Lodging your BAS at long last	402
Recording your Payment or Refund	404
CHAPTER 17: Understanding Your Business	407
Generating Financial Statements	408
Exploring your Profit and Loss report	408
Looking at your Balance Sheet	412
Consolidating Financial Reports	413
Working with Budgets and Cashflows	414
Deciding whether it's beans for the week	415
Generating cashflow reports	417
Seeing Where the Money's Made	419
Finding out how jobs work	419
Making the most of job reporting	420
Creating a new job	422
Deleting jobs	423
CHAPTER 18: Keeping Your Accounts in Top Shape	425
Reconciling Every Account	425
Credit card accounts	426
Undeposited funds	426
Petty cash	426
Clearing accounts	427
Loan accounts	427
Payroll accounts	429
Lining Up for a Health Check	429

Running Diagnostics: The Transaction Review	430
Reconciling invoices and bills.	430
Giving inventory a clean bill of health	433
Troubleshooting inventory when it's sick.	434
Looking to the future, burying the past	435
Dishing Out Medicine: The Tax Review	436
Taking exception	436
Making sure the whole deal is spot on.	437
Heading to the Beach	439
PART 5: THE PART OF TENS	441
CHAPTER 19: Ten Useful Tools for Managing Cashflow	443
Offer Online Invoice Payments	444
Use eInvoicing to Speed Up Invoice Processing	444
Switch on Invoice Reminders.	445
Stay on Top of Who Owes You Money	446
Keep Track of Your Invoicing Activity	446
Get Bank Feeds Up and Running	447
Record Supplier Bills Swiftly Via the In Tray.	447
Understand the Difference between Profitability and Cashflow . . .	448
Head to the App Marketplace	449
Use Comparative Reporting.	449
CHAPTER 20: Ten Essential Tasks When Preparing Your Business Activity Statement	451
Check All Bank Transactions Have Been Allocated.	452
Clear Your Suspense and Queries to Code Accounts.	452
Reconcile Your Debtors and Creditors.	453
Review Your General Ledger Report.	454
Review Your GST Report.	456
Reconcile Payroll and STP	457
Reconcile All Your Bank Accounts	458
Check for Prior Period BAS Adjustments	458
Lock Your Data.	458
Lodge Your BAS	459
INDEX	461

Foreword

Small- and medium-sized enterprises (SMEs) are renowned for being the backbone of the economy, and for good reason. In addition to contributing significantly to national gross domestic product (GDP) and employment, they provide local communities with vital goods and services.

It is also through the day-to-day encounters with these SMEs, whether that's online or in our local neighbourhoods, cities and suburbs, that we enjoy the personable experience and entrepreneurial spirit that draws a special kind of support from their customers — particularly during tough times.

It goes without saying that starting a business is a huge achievement — but it's only the first step. For many, the bigger challenge is growing and scaling, or operating confidently through difficult times. We need only look at the COVID-19 pandemic and the economic fallout to see how quickly the environment can change and how key adaptability and resilience are to running a successful business.

As well as saving time and money, managing workflows and having real-time visibility over the entire operation, all from one place, arms business owners with a depth of information and the confidence they need to make the big calls and pull the right levers in the face of new challenges.

As one of the original tech start-ups, we have been a trusted provider of business management solutions to SMEs in Australia and New Zealand for more than 30 years, but we're not the same MYOB we used to be.

Since the last edition of *MYOB For Dummies* was published, we've invested in delivering a single Software as a Service (SaaS) platform that meets the changing needs of local businesses — from start-ups to established enterprises. In a world that is constantly evolving, we're committed to ensuring our solutions continue to help businesses like yours start, survive and succeed.

This guide provides easy-to-follow, simple and helpful steps so you can not only learn the ropes but leverage your MYOB solutions to unleash your business potential.

As one platform for all your business management needs, we look forward to being by your side for each step of your exciting business journey.

Paul Robson

CEO, MYOB

Introduction

These days, all businesses rely on technology to help them operate on a daily basis — and the reality is, making the most of what modern technology has to offer can truly transform the performance of a business.

A central part of the success of any business hinges on having a great financial setup, which is where MYOB can have a huge impact. As a business management platform, MYOB is the perfect companion for helping you manage your customers, supply chain, employees and reporting, as well as the nitty-gritty of your finances, accounting and tax workflows.

MYOB has so many useful features that it's common to feel overwhelmed when you first get started; fortunately, as with all new technologies, you soon find your way with practice. I've worked with many business owners who felt hesitant when starting their MYOB journey, and yet today they're often showing me a thing or two about how to harness the power of MYOB!

I have brought together all my experiences with MYOB to share with you in this book and help you maximise the success of your business, from my own journey running a small business through to bookkeeping for many clients of different sizes and industries, as well as my time training accountants and bookkeepers to use MYOB effectively so they too can share their knowledge with their clients. With this in mind, cast your cares to the wind; be brave, be confident and read on.

About This Book

This book is a bit different from other books about MYOB, not least because this book is part of the *For Dummies* series. Dummies books aren't about thinking that you're a 'dummy' — far from it. What the *For Dummies* series is all about is sharing a 'can-do' attitude and a fresh approach. I talk less about old-school ways of doing simple tasks, and more about how to get stuff done quickly, easily and accurately. Similarly, I tend to steer clear of pedantic explanations and instead suggest that you adapt MYOB to work the way you do, depending on the kind of business you have.

I've written this book with both MYOB Business and MYOB AccountRight in mind. *MYOB Business* is the latest iteration of MYOB on the market and it delivers cloud-based software that you can access straight from your browser — no installation required. Your business might be able to get all the functionality you need with one of the MYOB Business subscriptions available, but if you need a little more accounting oomph you may want to scale up towards an AccountRight subscription. If you do opt for an AccountRight subscription, you can still use the amazing online features of MYOB Business direct from your browser, as well as access your file via the AccountRight desktop app. Chapter 1 talks all about your subscription options so you can start your MYOB journey on the right foot.

One more thing. Throughout this book you'll see sidebars — text that sits in a separate box with grey shading. Think of sidebars as the chocolate topping on your ice-cream: A sprinkle of extra little bits that's nice to have, but not essential.

Foolish Assumptions

Over the years, I've learned to assume as little as possible (especially true for accounting and bookkeeping!). However, to write this book, I did have to make two small assumptions about you, the reader:

- » Your knowledge of computers and how they work is a little more advanced than knowing where to find the on/off switch.
- » You either plan to purchase an MYOB Business or MYOB AccountRight subscription in the near future, or you already use MYOB and you're looking to find out more about how to best use MYOB Business's functionality to help streamline your business accounting.

Icons Used in This Book

What use is a *For Dummies* book without the little icons pointing you in the right direction? Here's a brief description of the icons used in this book:



REMEMBER

Don't forget these little pearls of wisdom. Remember, remember, remember!



TECHNICAL
STUFF

The Technical Stuff icon highlights technical information not suitable for the faint-hearted.



TIP

Be sure not to skip over these invaluable tips; here, you find those gold nuggets that help make life easier.



WARNING

Every time you see a Warning icon, you can be sure I'm sharing a hard-earned lesson from personal experience!

Where to Go From Here

MYOB For Dummies is no great work of fiction (something that would be a tad tricky given the subject matter) and so doesn't require you to start at the beginning and follow through to the end. Instead, feel free to jump in and start reading from whatever section is most relevant to you:

- » **New to MYOB and trying to get a company file set up from scratch?** I suggest you read Chapters 1, 2 and 3 to get your company file started. A clean start takes a bit of planning and, hopefully, these early chapters help you do just that.
- » **New to MYOB but the company file is already up and running?** Maybe you're starting a new job and, although the business has been using MYOB for a while, you're new to the whole deal. In this situation, I suggest you start by reading the last half of Chapter 1 and all of Chapter 2 to familiarise yourself with the basics. Then browse through chapters 4 to 8 to discover how to do everyday tasks.
- » **New to MYOB Business but experienced with MYOB AccountRight?** You may be amazed at how MYOB Business's functionality improves your experience of working with AccountRight. Chapter 1 clarifies how all the MYOB Business features described in this book can be accessed via AccountRight in a browser.

- » **Familiar with MYOB but keen to advance your knowledge and expertise?** MYOB Business's additional features may be transformative. Find out about advances in payroll functionality in chapters 11 and 12, and how you can use MYOB to lodge your Business Activity Statement in chapters 16 and 20 — and I highly recommend you explore how you can master reporting in Chapter 15.
- » **Want to know that your accounts are as clean as a whistle and your figures make sense?** Excellent — what a great way to operate! Head to Chapter 9 to discover how to reconcile your bank account, Chapter 16 to check your GST codings and calculations, Chapter 17 to review your financial statements and Chapter 18 to put your company file through the health check from hell.

1

Getting Started with MYOB

IN THIS PART . . .

Get familiar with MYOB Business — find your way around and discover how to set up your accounts.

Add customers and suppliers, set up credit terms and keep your lists looking shipshape.

Nurture your inner bean counter and get those opening balances spot on.

IN THIS CHAPTER

- » Setting up for success
- » Navigating through the setup guides
- » Finding your way around — picking up the local lingo
- » Accessing your file from anywhere
- » Inviting important others to collaborate

Chapter 1

Introducing MYOB Business

MYOB Business is the new offering on the market that just radiates pink, purple and plenty of SaaS. No, not sass — SaaS! *Software as a Service* (SaaS) is a software delivery model that MYOB uses to develop and maintain cloud software (in other words, the MYOB product known as MYOB Business) that always has the latest updates available to its customers on a pay-as-you-go basis.

It's the way the world rolls these days — your Netflix, Spotify and Google accounts are all forms of SaaS, and as the customer you get lots of great benefits from subscribing in this way. You no longer buy software as it soon becomes outdated, so MYOB Business is a month-by-month subscription model that gives you access to the latest and greatest features in a secure digital environment.

Being fully online brings many new, surprising and game-changing features to your MYOB subscription. Helped by the information in this book, I hope that you experience the benefits of this transformation, where MYOB is much more than accounting software, and instead is a business management platform that helps manage and grow your business by bringing everything you need to run a business into one place.

MYOB Business keeps essential business workflows at your fingertips — from managing your customers and finances to onboarding employees electronically, all from within your file. New functions and workflows are added continuously, ensuring the financial health of your business is at the centre of everything you do.

For those using MYOB AccountRight, the ability to work fully online is a real bonus. You now have two platforms from which to access your file: Firstly, through the familiar MYOB AccountRight desktop app, and secondly by accessing your file directly from any internet browser. While not all features of AccountRight are available when you work in a browser, you do get many of the neat features of MYOB Business that aren't available from the desktop app. This book explains all these features, plus more.

Throughout the book, I will often refer to how 'AccountRight in a browser' features can be of benefit to ensure all MYOB users find this book as helpful as possible. (The sidebar 'I use AccountRight, what about me?' provides more information on how you can use MYOB Business features with your AccountRight subscription.)

In this chapter, I share my ideas about getting you started with MYOB Business, highlighting what's important (and ignoring what's not) so you can get set up without any drama.

If you've recently subscribed to a new MYOB Business plan, the best place to start is the beginning of this chapter, which explains what information to have at the ready, the best time to start from an accounting perspective (if timing is a factor), and the basics of setting up customers, suppliers and accounts.

If you're new to MYOB but a file is already up and running — maybe you're starting a new job as a bookkeeper — I suggest you skip straight to the second half of this chapter. Start reading from the section 'Getting into the Groove', which explains how to find your way around MYOB Business.

Planning to Get Started

The awesome thing about using MYOB Business is how quickly you can set up your file and get down to using it. Of course, this work will require a cup of tea and maybe even a biscuit or two, especially if you have many customers and suppliers to set up — which hopefully means business is good!

Choosing the right plan

Making a good choice now will save you time and moola in the long run. MYOB offers four different plan levels suitable for different types of businesses:



WARNING



REMEMBER



TIP

- » **MYOB Business Lite:** The perfect plan for sole traders and those just getting started in business, MYOB Business Lite is great if you only require the basics of invoicing, bank feeds, payroll and reporting.

This plan has a limit of two bank feeds and two employees, so consider whether this is sufficient for your business.

As your business grows, you can easily move on to the Pro plan.

- » **MYOB Business Pro:** Pro is the most popular plan for businesses looking to grow their business, such as those with more employees (requiring more involved payroll), as well as those wanting to automate timesheets or use sales orders. You can access more insightful reporting (including budgets), and you have no limits on the number of bank feeds you can connect or employees you can hire.

Note: Inventory can be added to both Lite and Pro plans. Chapter 10 covers the inventory features available in MYOB Business.

- » **MYOB AccountRight Plus:** Moving to AccountRight, the Plus plan is a high-powered solution for bigger businesses with more complex needs (such as job costings, fully customisable form layouts, time billing invoicing or premium inventory functionality, which allows you to build items and use different pricing tiers when selling).
- » **MYOB AccountRight Premier:** Top of the wozza, the AccountRight Premier plan is a must for any business working in multiple currencies and needing inventory locations (all other features are as per AccountRight Plus). However, another good reason to opt for Premier over Plus is that fees for additional files are heavily discounted (which is helpful if you operate multiple businesses, or run a company and a trust across two different ABNs).

With AccountRight Plus and Premier subscriptions, you can access your file via the AccountRight in a browser option (as well as via your AccountRight desktop icon), which gives you access to the many MYOB Business features and functions covered in this book. Skip to the nearby sidebar 'I use AccountRight, what about me?' to discover how to make the most of your AccountRight file by accessing it via a browser.



TIP

If you're still unsure which plan to choose, or you're looking for a detailed comparison chart of all the features available across the four plans, I suggest you head to the MYOB website (myob.com). Alternatively, find a great accountant and/or bookkeeper to advise you based on your business needs (and who knows, you may continue your collaboration from here and throughout your business journey — a good accountant or bookkeeper is a business essential!).



WARNING

Choose your plan carefully as moving up and down the plan levels has some limitations — for example, the move from MYOB Business Lite to MYOB Business Pro is easy, but moving from MYOB Business to MYOB AccountRight can be a long, manual task because you need to re-enter balances. However, you can migrate from an AccountRight plan to an MYOB Business plan and take your historical data with you (a process that MYOB will handle for you).

Starting your new MYOB file

With MYOB Business, you can choose to work anywhere, anytime, on any device — be it at the beach, on your phone, in front of the TV or in your home office. People can work more flexibly these days, so starting your MYOB file doesn't need to be an office-bound exercise — you can get started whenever and wherever you may be if you have a suitable device in front of you.

Here are the first couple of steps to get you started:

1. Access MYOB Business at app.myob.com.

When you purchase your MYOB subscription, you will be asked for your email and then prompted to set up a password for accessing your file.

2. Set up Two-Factor Authentication (2FA).

Two-Factor Authentication (2FA) is a secure sign-in process that combines something you know (like your password) with something you have (your phone or email). MYOB Business requires you to set up 2FA as part of your setup process to keep your data safe and secure. You can either choose to receive your 2FA code by email, or you can receive your code on your mobile device via an authenticator app; generally, your mobile device is more secure as you'll almost always have it with you.



WARNING

Of course, it goes without saying — don't share your password with anyone. Each user should have a unique login linked to their email, enabling a clear audit history to be attached to each user.



TIP

MYOB is rolling out a third 2FA option (sending a code by text message to your smartphone), which may be accessible by the time you read this book — I know this would be my first choice for securely receiving a 2FA code.

I USE ACCOUNTRIGHT, WHAT ABOUT ME?

If you have an AccountRight subscription, everything that I cover in this book can also be applied to AccountRight when you access your online file via a web browser. MYOB Business and 'AccountRight in a browser' are effectively the same product. This 'browser' option isn't intended to replace your current AccountRight subscription (and it won't, as AccountRight has many features that aren't available in MYOB Business yet); rather, the browser option has the advantage that you can work from any device, and provides access to some great features currently only available in MYOB Business, such as report customisation and report packs.

Trust me: Jump into your AccountRight file now and at the very top right you will see the Open in Web Browser option. Click through to explore this different way to use AccountRight.

When you first start experimenting with AccountRight in a browser, you're likely to have the AccountRight software and the browser option open (and yes, you can work across both options simultaneously, as the data syncs as soon as you save). You may favour doing certain tasks in AccountRight and others via a browser (for example, allocating and searching bank transactions works well in a browser because of the additional bank feed features in MYOB Business, such as being able to edit bank transaction descriptions while keeping the original description visible, as well as the option to use allocation templates and add adjustments to transactions). It may take time to find your groove, but you'll soon discover which functions you prefer to access using your AccountRight software, and which functions you prefer to access from a browser.

Note: You don't need to download the AccountRight software to access your data via a browser. Simply open a web page and login at app.myob.com to access your AccountRight file from any device.

The only trick is to ensure that your company file is using the latest version of AccountRight. If it's not, MYOB will prompt you to upgrade your file the first time you access your file via a browser. All AccountRight software can be downloaded and updated at myob.com (go to the Support tab, then Software Downloads). Using the latest version also ensures your file always has the latest compliance updates from the Australian Taxation Office (ATO) and fixes any bugs in the software to help your product work the best it can.

Using AccountRight in a browser might change the way you work for the better, so give it a go!

Setting up to be a winner

As with most things in life, success with SaaS is all about getting the setup right. While everything in your file (well, almost everything — just not your start date) can be fixed should you slightly biff some information in your setup, doing it right in the first instance will save you time in the long run.

Here's a quick summary of the processes involved in getting set up with MYOB Business, so you know what to expect as you work through this book:

1. Get your business details ready.

Be sure you have the correct business ABN of the business (critical if you will be doing invoicing and payroll), the entity name, trading name, address, phone and email details at hand before you start setting up your file.

2. Decide on a start date (the *opening balance date*).

If you're not sure what your start date should be, skip to the nearby sidebar 'When is the best time to start?' to help you decide on your opening balance date.



TIP

It is also important to know your start year, not just the date. While it may seem obvious (it's this year, surely?), it is worth knowing that you can go back and enter data for prior years if you need to. (Maybe you've been travelling in the Bahamas and not yet done last year's returns and have lots to catch up on; if so, lucky you!)



WARNING

You may wish to discuss this opening balance date with your accountant or bookkeeper because after you begin to enter transactions, this date becomes locked and you can't change it (unless you delete all data entered to date, but really who wants to waste time like that). So, be sure of this date!

3. Follow the guides on your Dashboard for getting started.

The first time you log in, these guides pop up at the top of your Dashboard based on the features available in your subscription. These guides step you through a quick setup for each feature. I highly recommend using these guides to set up MYOB — after all, a little help along the way is always a bonus! (I cover some of the key guides in the upcoming section 'Using MYOB's Getting Started Guides to Set Up Your File'.)

4. If you're new to MYOB, take the time to have a good old stickybeak.

In the thick of this chapter, in the section 'Getting into the Groove', I take you on a grand tour.



REMEMBER

5. Go to the Accounting menu and click Chart of Accounts. Customise this list to fit your business.

I always recommend tweaking your Chart of Accounts to fit your business, adding accounts, changing account names or deleting accounts that you don't need. I explain how to add and edit accounts in Chapter 2, and how to record opening balances in Chapter 3.

6. Connect your bank feeds.

I talk lots more about bank feeds in Chapter 5 (and I mean lots more, because I just love them!), where I explain how they work with MYOB and how to connect your bank feeds. I also show you how they may be the number one MYOB feature for reducing your data entry time, which helps you be more accurate and reconcile with ease. I suggest you connect your bank feeds as soon as possible.

7. Invite others to work with you.

If you have employees who are going to work in MYOB, you need to set them up with their own user access. Also share the love with your bookkeeper and accountant so they too can access your company file from anywhere, anytime. (I talk more about user roles later in this chapter in 'Inviting Others to Access MYOB'.)

8. Enter some sales transactions.

If you create invoices to send to customers, recording sales is a great way to get started with getting to know MYOB. (I explain how to add customers in Chapter 2, how to enter opening balances in Chapter 3, and how to record sales in Chapter 4 — what a ride!)

9. Start creating your invoice templates.

The later section 'Preparing for sales' covers invoicing in more detail.

10. Record a few bills and expenses.

From the moment you start recording bills and expenses, you can start looking at your profit and how the business is tracking. For more about recording bills and expenses, see chapters 6 and 8.

11. If you buy, sell and track items (rather than services), set up your inventory.

If tracking stock is something your business needs, then head on to Chapter 10, read it faithfully, and set up your inventory before going any further.

12. If you have employees, have all their details ready for setting up payroll.

If you're going to use payroll, you should do so from the very beginning of the payroll year (July). When you've completed the rest of your setup, hop to chapters 11 and 12, which cover payroll in depth.



TIP

WHEN IS THE BEST TIME TO START?

The very best time of year to start recording your accounts is the start of the financial year (that's 1 July for 99 per cent of Australian businesses). Even if July is long gone by the time you're ready to get started, it's still probably best to start by entering accounts from the beginning of that financial year.

Why? If you start on the first day of a new financial year, the transition from your old accounting system to your new one is a cinch. That's because accounts are always finalised at the end of each financial year. These final accounts provide the opening balances for the following year and save you paying your accountant to draw up interim accounts.

In your MYOB Business file, you simply need to select an opening balance date (remember, once you start to enter transactions, this date becomes locked and can't be changed). Your accountant and bookkeeper can guide you here if you're unsure of the correct date to enter, especially if you're not up to date with all your tax liabilities. The later section 'Getting your settings right to save you time' explains how you can change your opening balance date from the default date in MYOB.



REMEMBER

You never need to back up your data — MYOB Business will take care of your data for you. While the sound of this may scare some of you, in particular if you are an AccountRight user, be reassured that your data is being backed up automatically for you. The only kind of personal backup option you have in MYOB Business is exporting reports to Excel, and who has time for that?



TIP

If you feel anxious about having some kind of tangible backup, you can ease your mind by creating a report pack (see Chapter 15) that includes all your financial reports and which you can export monthly. Save this monthly report pack in a secure place so you can access the data should you ever need to — or purely for reassurance purposes.

Gathering your wits about you

You wouldn't set off across the Nullarbor Plain without water or fuel, would you? Nor should you attempt to set up MYOB without a couple of essentials close to hand to make your setup easier. Here's what you need at the ready:

- » **If you're setting up MYOB for an established business, the most recent set of tax returns or final accounts you have available:** Previous Profit & Loss reports and even tax returns come in handy, helping you to work out what accounts to include in your Chart of Accounts and opening balances.

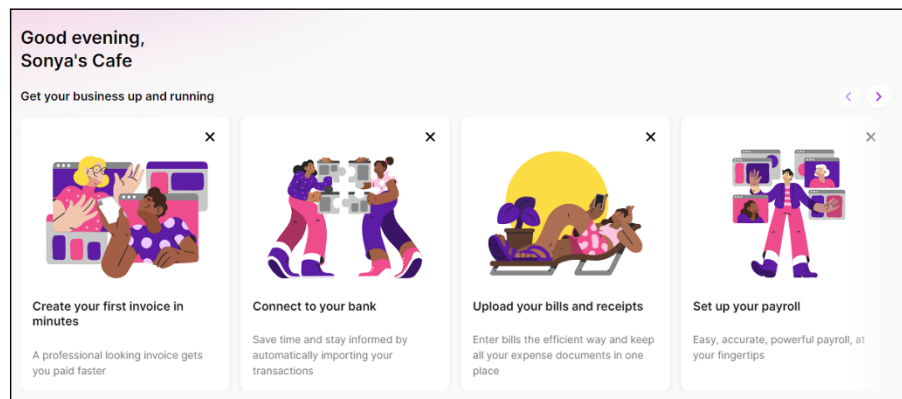
- » **Bank statements and credit card statements:** You need bank statements so that you can enter the opening balance of your bank account for the date that you start using MYOB. Depending on whether or not you already have bank feeds activated, you may also need bank statements as a reference for recording transactions.
- » **A list of who owes you money:** It's always cheering when you realise that if everyone coughed up tomorrow, you'd actually be quite rich.
- » **A list of everyone you owe money to:** If you intend to record supplier bills (I talk lots more about this decision in Chapter 8), make a list of everyone you owe money to at the time of starting your MYOB file. (Supplier statements are helpful when collating this information.)

Using MYOB's Getting Started Guides to Set Up Your File

When you first log in to your MYOB file, your Dashboard is the first page that will display. Think of it like your home page. (I particularly like the positive affirmations MYOB shares with you every day here, such as 'Attitude is everything', 'Make today count' and 'When you feel like quitting, remember why you started'!)

After the welcoming affirmation, you will see various 'getting started' guides listed (the suggested guides may vary depending on your role in the business, along with your industry and subscription features). These guides demonstrate MYOB's features and help you customise and set up your file (see Figure 1-1).

FIGURE 1-1: When you first log in, MYOB provides a range of 'getting started' guides on your Dashboard to help you set up your file.



Simply click into the guide for each area of your setup (such as Connect to Your Bank or Upload Your Bills and Receipts, as shown in Figure 1-1), depending on what requires attention.



WARNING

Once you click on a guide and then return to your Dashboard (even if you haven't run through the whole guide), that guide will no longer appear — so ensure you complete the guide before you navigate elsewhere. If you are confident you know what to do to set up your file, you can also click the 'x' in the top-right corner of the guide to remove it from your Dashboard rather than running through the stages of the guide. (Likewise, if one of the guides isn't relevant to your business, such as Set Up Your Payroll — maybe you don't yet have employees — you can simply remove it from your Dashboard by clicking the 'x'.) And if you lose sight of one of the guides — maybe MYOB thinks you've already completed it fully because you opened it that one time — then hopefully you can find the information you need in this book!



TIP

No time to look at the guides now? Don't stress — these tasks will remain on your Dashboard until you complete them, so you can come back later (as long as you haven't opened the guide yet).



TIP

With software changing so often, it can be hard to keep up with all the new features and the way they work. To help with this, on the menu bar there is a question mark symbol that opens an in-product MYOB Help window for the page you're on. The format is always the same, no matter what page you're on — it gives you an overview of the current page (for example, the Dashboard), some useful FAQs and links to all the relevant Help information relating to the current page.

The following sections introduce how to make your MYOB Business file work for your business.

Getting your settings right to save you time

Before you get too deep into completing your setup, your first stop on your Dashboard should be to review your Business Settings. Your Business Settings need your attention early as many other setup steps will pull information from here into other areas of MYOB Business.



REMEMBER

A note here on finding your Settings: At the time of writing, you can find your Settings by clicking your business's name in the top-right corner of your screen and then selecting from the drop-down list of Settings options that appear (for example, Business Settings, Sales Settings, Purchases Settings . . . you get the idea!). However, a future menu layout may see the Settings being promoted to the Dashboard, where the Settings menu will be visible from all pages. Wherever your

Settings are found when you come to use this book, I'm sure you will find that your Settings options are much the same. I discuss all your Settings in this and the following sections.

On the Business Settings page, be sure your business and trading names are correct, along with your ABN and contact details. Your industry details are optional, but I recommend choosing a specific industry code as this may help with the setup of your file in particular areas, such as the Chart of Accounts. As recommended in the sidebar 'When is the best time to start?', have a chat with your accountant or bookkeeper about what your opening balance date should be (you need to get this right before you start to enter transactions).



WARNING

You should also chat to your accountant or bookkeeper before choosing the Start New Financial Year option (under the current financial year date) as this should usually be left to the professionals. Why? Because it can impact your reporting if you start a new financial year at the wrong time, and this change cannot be reversed once you start to enter data.

At this point you can continue to review the other settings options available, or go back to the Dashboard and complete the guides first. Here's a rundown of the other settings and functions you can adjust so that MYOB works the way you need:



TIP

» **Income Allocation:** This setting can be used to set up how income is allocated to stakeholders in a company, partnership or unit trust.

Specific Chart of Accounts items need to be set up for these stakeholders, so good accounting knowledge is required here, as is a clear understanding of your business structure. Your accountant or bookkeeper may be the best person to set this up for you when needed.

» **Sales Settings, Payroll Settings and Purchases Settings:** These key settings are covered in depth in their respective chapters: Chapter 4 for sales, chapters 11 and 12 for payroll, and Chapter 8 for purchases.

» **Report Settings:** This is where you set your reporting methods for accounting and GST (either Accruals or Cash) and how you want figures to be displayed in your reports. If you're unsure, your accountant can offer some guidance. I cover reporting in detail in Chapter 15.

» **Users:** Turn to the later section 'Inviting Others to Access MYOB' for more on user access.

» **Import and Export Data:** Here, you can import charts, contacts, employees, items and timesheets if you have this information in another application and you want to get this data into your MYOB file quickly (saving data entry time). The export side tends to be used by your accountant when they need to get your data out and into their tax software to prepare your financials at the end of year.



WARNING

Importing data into MYOB does take some skill to get the template set up correctly. If you click on the Help question mark while on this page, MYOB offers some tips to help you get started, as well as some templates you can use to get the formatting right when you import data.

Three other areas also appear when you click your business's name:

- » **My Account:** Manage your MYOB subscription here, including upgrading your subscription, updating your credit card details or viewing your bills.
- » **Contact Support:** Unless your support needs are urgent and merit a phone call to MYOB, you can use this section to send a message directly to MYOB. A support agent will email you to resolve your issue or collect more information if needed.
- » **App Marketplace:** MYOB has a whole ecosystem in place to look after other aspects your business may need, specific to your industry or business size perhaps. As your business grows, adding apps may help bring new workflows, efficiencies and scalability to your business and expand the impact of your MYOB Business platform.



TIP

The apps here are provided by third parties and integrate with your MYOB software, and there are hundreds to explore. The App Marketplace has a search feature you can use to peruse the available apps and work out what your business may need. **Note:** Some apps only integrate with AccountRight or MYOB Business, while others integrate with both, so be sure to check out the compatibility of each app.

Setting up your Chart of Accounts

After you have reviewed all your settings, I recommend you review your Chart of Accounts (which you can find by heading to the Accounting menu and selecting Chart of Accounts from the drop-down list). The default Chart of Accounts that appears for you is based on the industry you select when you first create your company file and/or the specific industry code you select in the Business Settings (refer to the preceding section). The tax codes shown will also reflect whether you select GST Registered or not when you create your file.

If you're in a hurry, you don't have to make any changes to your Chart of Accounts right now — you can always come back. However, if you have the time, you're best to start by customising your Chart of Accounts before you go on so that it has all the accounts you need for your business. Go to Chapter 2 to find out how to customise your chart so it's fit for your business purposes, and head to Chapter 3 to find out how to add account opening balances to get you off to a good start.



TIP

You don't need to scroll down for miles to look through your accounts. Use the tabs across the top of the page to take you direct to the different account types, such as Income or Expenses accounts.

Connecting bank feeds

Bank feeds replace the need for you to enter transactions manually, freeing up time for you to do other things you enjoy more in your business.



REMEMBER

Rest assured, adding bank feeds doesn't give anyone at MYOB permission to access your bank! The best way to think of bank feeds is as an electronic copy of your bank transactions that your bank is simply passing to MYOB on your behalf.

The getting started guide 'Connect to Your Bank' is a great place to find out how to connect your bank feeds, but if you find you need a little more help then Chapter 5 takes you through all things relating to bank feeds.

Preparing for sales

If you plan to use MYOB to create invoices for your customers, customising your Sales Settings is a wise move.

I don't need to bore you by explaining every little itsy bit (these explanations are reserved for Chapter 4); instead, I clarify here the stuff most likely to cause you strife:

» **Layout.** If you're not sure what layout to select, I suggest you click the Services and Items layout as the default. This layout works well not just for items, but for services too. To help you decide on the best layout for your business, see Chapter 4.

» **Templates.** Create an invoice template to suit your business by clicking the Create Template button. Name this template (so that if you create other invoice templates, they are identifiable by name) and mark if you want this to be your default template. You can add a logo and coloured lines, and select the business details you want to show on your invoice (including where they appear).

You can also select at the top right if you want this same template to be used on your Quotes and Statements. When you're done, hit the Save button.

» **Payments.** Select the payment terms you are offering to your customers, and add your bank account details so that customers can pay by direct deposit.



TIP

You can also set up Online Invoice Payments (OIP) here so customers can pay by Visa, Mastercard, Amex, Apple Pay and Google Pay. I cover OIP and how it may help improve the cashflow of a business and help you get paid faster in Chapter 7.

- » **Notes to Customer.** Customise the message at the bottom of your invoice by clicking Create Note (give the Note a name and add the text you want). Chapter 4 covers more about Notes and how to create great invoices.
- » **Email Defaults.** As your invoices are generally sent via email directly from your file, you need to set the Reply-to Email Address for any replies from the customers receiving your invoices. You can also set a default email subject and generic email message, helping customers to recognise who the email is from and what it contains.



TIP

- » **Reminders.** This is a definite game-changer. If you are on top of allocating deposits as soon as they hit your bank, you will want to turn this feature on. Without even logging into your file, MYOB will send clients invoice copies as a reminder when they are overdue. Yes, you heard that right. MYOB will do all the hard work for you — after all it is the squeaky wheel that gets the oil! Chapter 7 talks more about this feature.
- » **el invoicing.** This is the new kid on the block and still a pretty novel concept. el invoicing sends and receives electronic invoices (elinvoices) via a secure gateway (rather than by email) directly between different accounting services; for example, if a customer uses Xero, MYOB can send your invoice straight into your customer's Xero account and vice-versa. Setting this up takes a few minutes and offers fast and accurate data entry and a higher level of security to protect you from email fraud. The ATO is starting to gear up the push towards using el invoicing, so it's something to consider in the not-too-distant future. Chapter 4 has all you need to know on el invoicing.

Talking about suppliers

You only need to complete this section if you plan to use MYOB to create purchase orders or record supplier bills (see Chapter 8 for my words of wisdom regarding this decision). Reviewing your Purchases Settings is quick and easy once you have sorted out your Sales Settings (refer to the preceding section).

I expand on setting up your supplier contacts in chapters 6 and 8, where I also explain a few cool features available to help you improve workflows. Chapter 3 covers entering historical purchases, in case you also need to do this.

Bracing for payroll

If you have employees to pay, then your Payroll Settings should be next on your list to review in the Business Settings.

Payroll is the most complex part of any accounting software setup, especially if you have several employees with different rates of pay and a complex industrial award to boot. For more on payroll, make your way over to Chapter 11 (where I cover setting up payroll in detail) and Chapter 12 (where I explain the day-to-day workings of payroll, including processing pays and understanding Single Touch Payroll).

Getting into the Groove

Before leaping into the deep end and entering transactions, it helps to know where MYOB hides things so you can get a good feeling for what sits where on the platform.

Understanding what goes where

MYOB stores key information and data relevant to your business in the different menus on your Dashboard. Based on your MYOB subscription level, you only see the menu items you have access to, as shown in Figure 1-2.

You can access these essential areas of your business from the different menus as follows:

- » **Contacts (either under the Contacts menu, or under the 'More' menu, depending on your device):** Stores information about customers and suppliers. You can set up a new contact before you record transactions, or you can create a contact on the go within a transaction (simply click + Create from the Contact drop-down list). Chapter 2 explains how to add, edit and delete contacts.
- » **Employees (either under the Payroll menu, or under the 'More' menu, depending on your device):** Here, you can find all your employees' details — even for those who no longer work with you. Chapter 11 explains how to set up employees correctly.
- » **Chart of Accounts (Accounting menu):** You will find your Chart of Accounts here: a list of asset, liability, equity, income and expense accounts relevant to your business. Chapter 2 explains how to add, edit and delete accounts.

- » **Items (accessed via the Sales, Purchases and Inventory menus):** You can find items in all three of these menus. Items shows a list of items that you buy or sell, and that you can track with MYOB's inventory functionality. You can use the Items list to store details for services that you sell, not just physical items. Chapter 10 explores your items and inventory in detail.

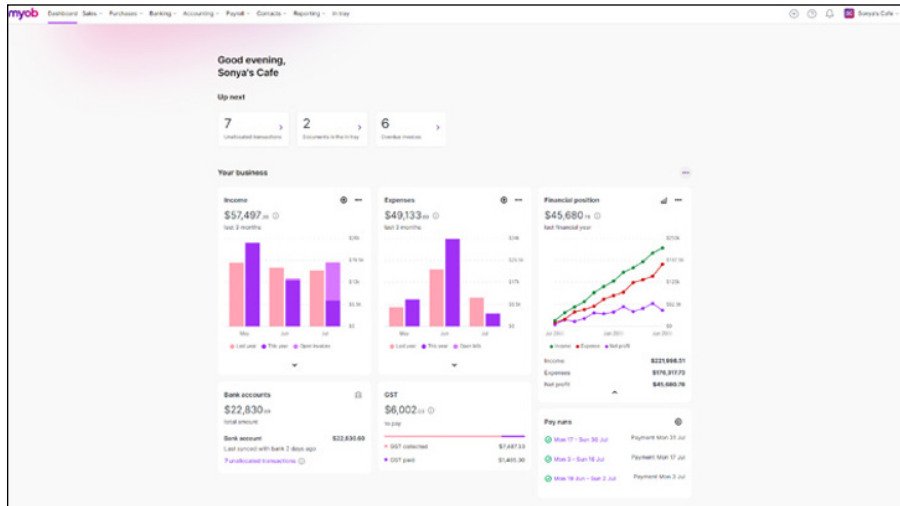


FIGURE 1-2: Viewing the MYOB Business Dashboard.

Your transactions are stored within the relevant menus as follows:

- » Find Quotes, Sales Orders and Invoices by clicking the Sales menu (Chapter 4).
- » Find Purchase Orders and Bills by clicking the Purchases menu (Chapter 8).
- » Find bank feed transactions by clicking the Banking menu and going to Bank Transactions (Chapter 5).
- » Search your transactions by clicking the Banking menu and going to Find Transactions. Find Transactions is the Holy Grail for finding all transactions entered into your MYOB file, including journals, cash transactions and payroll transactions. Turn to Chapter 6 to find out more. (**Note:** For AccountRight users, Find Transactions is similar to the Transaction Journal function.)
- » Find pay run transactions by clicking the Payroll menu and going to Pay Runs (see chapters 11 and 12 for more).
- » Find all your business reports by clicking the Reporting menu, selecting Reports and starting to explore the available Business reports (Chapter 15).

Working out your Dashboard

Your Dashboard provides a snapshot of how your business is doing. You can quickly see how many transactions remain unallocated, the number of documents you have sitting in the In Tray, and how many overdue invoices and bills you have. Click on any of these boxes to drill down for more information.

The real insights are evident in the widgets based on the current data entered into your file. You get a nice tidy graph showing Income for the last three or six months, compared with the same time last year so you can track if sales are improving (the same goes with the Expenses widget). You also glance at your GST liability amount for the current reporting period and check that your pay runs are up to date. The one that most of my clients really like and talk about often is the Financial Position widget (graph of the profit and loss), which provides a helpful way for you to keep an eye on your business.

At the time of writing, these widgets are static; however, hopefully in the not-too-distant future you will be able to customise your Dashboard by choosing the widgets that are most useful to you.

Setting priorities

Earlier in this chapter, in the section ‘Setting up to be a winner’, I provide a summary of the steps you need to take when getting started. This summary provides a good overview of all the steps that are involved but, in real life, time pressures may mean that you can’t work through everything step by step.

If I’m setting up MYOB for a client and time is of the essence, I tend to prioritise certain activities over others. To help you do the same when time is tight, prioritise the following:

- 1. First, always check the Business Settings are correct as errors here have a flow-on effect.**
- 2. Set up customers, make sure your invoice template is set up to include payment details and start to record customer sales (see chapters 2 and 4).**

You can also start recording customer payments at this time, so you know who truly owes you money (see Chapter 7).

- 3. Connect your bank feeds as soon as possible to free up your time and allow you to start recording all transactions going in and out of your business bank accounts (see chapters 5, 6 and 7).**

4. **If your business has employees, set up payroll, start recording employee pays and connect to Single Touch Payroll (STP) for ATO reporting so you are complying with your payroll obligations (see chapters 11 and 12).**
5. **After two or three weeks have passed, do your first bank reconciliations and check everything has been recorded correctly (see Chapter 9).**
6. **As time allows, review and customise your Chart of Accounts to make reporting more helpful for your business.**

If you come into a business as a new bookkeeper and MYOB is already up and running, your priorities are going to be slightly different. In this situation, I suggest that you focus on ensuring day-to-day transactions are up to date, that bank reconciliations are complete and accurate (see Chapter 9), and that payroll has been set up correctly and STP reporting is accepted by the ATO (see chapters 11 and 12). Reviewing the General Ledger report gives a good insight into the lay of the land and what may need your immediate attention.



TIP

Once you're sure the basics are in place, you can also check that GST reports are working properly (see Chapter 16) and that the financial reports make sense (Chapter 17). You can then give the company file a thorough health check from head to toe (Chapter 18).

Finding Your File Online

The most straightforward activities sometimes seem confusing when everything is new. Read on to find out how to log out of your company file when you've had enough, and to log back in again when you're ready for more.

Logging back in

A new day has dawned and you want to jump back into your MYOB Business file. Where to begin? It's super simple:

1. **Open a web page and search `app.myob.com`.**

You should find the MYOB login page pops up, waiting for your email and password. I recommend saving this page as a favourite (if you're using Edge as your browser) or bookmarking it (if you're using Chrome or Firefox). Next time, you can simply click on this link.



TIP

MYOB recommends using Chrome, Edge or Firefox browsers for the best usability as they are up to date with the latest tech and security features.

2. Enter your email and password.

The first time you set up your file you would have created a password, so hopefully you can remember it!



TIP

If it is your third attempt with no luck, be sure to click 'show' to make sure you aren't stuck on caps lock — an easy trap to fall into. Check out the later sidebar 'What to do if you forget your password' if you get truly stuck.



WARNING

Try and make your password as strong as you can — this file contains your confidential business information, so keep it as secure as possible. Don't share your password with anyone — if they need legit access, add them as a separate user (see the later section 'Adding new users and assigning roles').

3. Enter your 2FA or SMS code.

Once you have entered your password, MYOB will ask for your authentication code — refer to the earlier section, 'Starting your new MYOB file'. This code will either be sent to your email or the authenticator app on your phone (the pop-up window will tell you which; see Figure 1-3).



WARNING

You have the option to tick Trust This Device for 30 Days, but only do this if you are the only one who uses this device. If you share this device with others, don't select this option or allow others to log in using your credentials, because if anything goes wrong while they are using your login, the Journal Security Audit Report will point the finger at you! Chapter 18 covers the magic of this report.

FIGURE 1-3: Enter your two-factor authentication code from your email or using the authentication app, as requested.

myob

Two-factor authentication

Get an authentication code from your authentication app.

Enter your authentication code

Remember this device for 30 days

Continue

WHAT TO DO IF YOU CAN'T ACCESS TWO-FACTOR AUTHENTICATION (2FA)

If you were at a rave on Saturday night and you lost your phone, how would you log in to MYOB on Monday morning? Resetting your password is easy; the same can't be said of losing access to your 2FA if you damage, lose or replace your phone. This is to be expected — after all, the whole idea of 2FA is to provide a second layer of protection that's difficult to work around, and therefore effective at keeping unauthorised people out.

You need to begin by logging in at `my.account.myob.com`. If you still have access to your old phone, you can use the 2FA code from there to set up a new device.

If you are now device-free and unable to use 2FA to access your account, you have three options available:

- Depending on when you first signed up for 2FA, you may still have the 2FA backup codes you received when you set up 2FA. These codes are no longer offered, but if you do have them you can visit `my.account.myob.com`, select 'Don't have your code? Try another way' (in very small writing just under the code box) to open the backup code option, use one of these backup codes (one-time use) to get through the security to change to your new device.
- Click Email Me a Recovery Code and MYOB will send you an email to get you through the login process.
- Failing these two options, you may need to call MYOB Support (on 1300 555 123), verify who you are and they will then email you the recovery code so you can get your new device set up.

Though it can be frustrating to go through this process, just remember this layer of security is designed to keep your data protected. To minimise future drama, remember to keep your emails and phone as secure as possible.

Packing up and going home

You're tired and want to go home — it's time to quit for the day. To close MYOB, simply head for your business name, click into the drop-down menu and select Log Out.



REMEMBER

Depending on your security settings, if you just close the browser window and then log back in on another tab or window, you may find you can just log straight back in with no additional authentication. This is fine if you're a risk-taker — but not recommended! Selecting Log Out adds that extra layer of security, which I am

all for when it comes to protecting financial data. I like to think of it as an insurance policy for your MYOB file.

Inviting Others to Access MYOB

The brilliance of using MYOB online is the true collaboration that can happen in your file. You can be working on invoicing while your bookkeeper is allocating bank feeds and your accountant is preparing monthly financials. Gone are the days where you sent a backup file to your accountant for review so they could lodge your Business Activity Statements months down the track — now they can jump into your file any time and pick up the info they need.



REMEMBER

To add users or advisors, you need to be either the Owner of the business or assigned an Administrator role.

All users and advisors can access your file at the same time and there's no limit to how many people you can add. The important thing is that you set up appropriate roles and permissions for each person.



WARNING

If you're adding users or advisors who haven't used cloud software before, let them know how you expect them to keep your data secure:

- » Request that they don't share their password.
- » Ask that they don't log into your company file using an unsecured Wi-Fi connection.
- » Ask that they log out of your file if leaving their device for an extended period.
- » If possible, encourage them to use the authenticator app rather than email.

Adding new users and assigning roles

As part of adding new users, you need to assign roles and user types to each user.

Here's what to do:

1. **Select Users from your Settings menu (for more on Settings, refer to the earlier section 'Getting your settings right to save you time').**

A list showing all users in the file is displayed.

2. Click the Create User button.

Enter the user's name and email. (If you are creating an advisor, such as an accountant or bookkeeper, follow the steps in the next section, 'Inviting your advisors'.)

3. Decide on the Access level for this user by selecting the relevant role from the options shown in Table 1-1.

A *role* specifies what things this person is allowed to do. For example, if you assign the Sales role to a new user, this person will only be able to access the features in the Sales menu, Contacts and the reports under the Sales tab. They won't be able to access other functions, such as financial reports or payroll. In contrast, the Administrator role provides this person with access to all features and functions, including the ability to add other users.



TIP

You can select a combination if needed of the last five roles in Table 1-1. If you select Administrator or Accountant/Bookkeeper as the role, you don't need to select any others, as these two roles automatically have access to everything.

TABLE 1-1

User Roles and What They Mean

Role	What This Role Can Access
Administrator	All features and functions, including users
Accountant/Bookkeeper	All features and functions, excluding users
Sales	All features in the Sales menu Sales reports and Customer reports
Purchases	All features in the Purchases menu Purchases reports and Supplier reports
Payroll	All features in the Payroll menu Payroll reports and Employee reports
Banking	All features in the Banking menu Banking reports and Contacts reports
Contacts	All features in the Contacts menu Contacts reports

4. Select the User Type.

The *user type* determines which files this person can access. For example, if you have more than one company file under a single serial number (as is the case for AccountRight Premier subscriptions), the Owner and Online Admin user

types provide access to all these company files (so bookkeepers and accountants need to be mindful of this when sharing access), whereas the File User type provides access to a single company file only. Online Admin user types can also apply for bank feeds.

5. Click the **Save and Send Invitation** button.

Yay — you're all done! The user will receive an invitation to access your MYOB Business file, and once they've accepted this invitation, they'll be prompted to set up a password and two-factor authentication (2FA).



REMEMBER

If the invitation is lost or not yet accepted, you can resend or cancel invitations as needed. Invitations do not expire, but sometimes it may be simpler to just resend them, rather than asking the person you've invited to search through thousands of emails.



TIP

If you need to change the business owner or add another (yes, you can have more than one owner in the file), you can only action this via MYOB support.

The link that says *Manage User Access Via my.MYOB* is helpful for accountants and bookkeepers to manage access to files for their staff without having to send invitations.

Inviting your advisors

Advisors are special kinds of users who can access all areas of your file. In almost all situations, you're best to set up your accountant and bookkeeper as advisors, rather than as regular users.

Once you've logged on using this role, here's how to grant access to your advisors:

1. Select Users from your Settings menu (for more on Settings, refer to the earlier section 'Getting your settings right to save you time').

A list showing all users in the file is displayed.

2. Click the **Create Advisor** button.

All the options are already pre-selected for you — they will be set to the Administrator role (providing access to all functions) and set up as an Advisor user type (allowing them to centrally control access for their staff to files as required).



TIP

Ask your advisor what the best email is for them — sometimes they use a generic email, so the invite may be linked to their practice rather than to them personally.

3. Save and send the invitation.

Now you're all set for some great collaborations!

WHAT TO DO IF YOU FORGET YOUR PASSWORD

In the same way as the sun will rise in the morning and set in the evening, sooner or later you — or someone else — will forget a password.

Resetting a password is generally easy, thankfully. At the bottom of the login page, look for the 'Forgotten your password?' option. If you click this, you will be asked for the email you use to log in with, and then an email will be sent to your inbox with a password reset code. Simply enter the code when prompted and you will be given the opportunity to enter a new password. Then you will be ready to log in as usual.

If you enter an incorrect password too many times, your account may become locked. In this instance, MYOB will send you an email notification to clarify how you go about unlocking your account.

IN THIS CHAPTER

- » Understanding your MYOB accounts
- » Keeping your Chart of Accounts trim, taut and terrific
- » Adding your customers — yay!
- » Setting up suppliers
- » Managing your contacts

Chapter 2

Accounts, Customers and Suppliers

Getting to know your Chart of Accounts is half the battle in getting a good set of accounts for your business activity statement (BAS) reporting and end-of-year tax work — after all, isn't the goal of buying this book to help you do a damn good job on your accounts?

This chapter is all about the lists in your file. First, I talk about your Chart of Accounts — the list of assets, liabilities, income and expense accounts that reflects the inner workings of your business, allowing you to produce insightful reports when you need them. Then I talk about your customer and supplier lists, explaining how to set up new customer and supplier contacts for the best results.

Creating your Chart of Accounts

A *Chart of Accounts* is a list of all the financial accounts within the general ledger of a business that you allocate all your business transactions against. When you first sign up to MYOB, you're provided with a default Chart of Accounts that matches your industry type. However, these default accounts can always do with a little more customising to get them just right.

The first thing I do when setting up MYOB for a new client is chat to them about their business and how/what they trade. This helps identify if there are more or different types of accounts they need in their Chart of Accounts. This is important because your accounts affect everything else that happens in MYOB, including how you record income and expenses, and the format of your reports (such as the Profit and Loss and Balance Sheet). Don't panic — I cover all these reports in Chapter 15.



TIP

Less is more, so don't create accounts for the sake of it — just think of the purpose of each account for your business. For example, if you manage a coffee shop, you may need a car to go shopping for the business, but the car is not a main focus or expense for the business — so creating just one account code for Motor Vehicle (MV) Expenses would be fine. However, if you are a courier, the expenses on your vehicle are central to your business so you may want to track them via separate account codes, such as MV Fuel, MV Rego and Insurance, and MV Repairs and Maintenance.

Create your chart with reporting and decision-making in mind. For example, you may want to track if you're spending a lot more money than usual on expenses such as fuel, power bills or wages from one month to the next. By utilising MYOB's reporting, you can compare any single expense for the current month to the previous month, or the current year to the previous year, and even benchmark your business against others in similar industries.

To see this for yourself, go to your Accounting menu on the Dashboard and select Chart of Accounts. Unless you or your accountant have added extra accounts, a default list of accounts appears, which looks like the one shown in Figure 2-1. Although you may be able to make do with this list just as it is, I recommend you take the time to tailor the Chart of Accounts so you can achieve more meaningful reporting for your business. You can always come back and add, edit or delete accounts as your business grows and changes. (I explain how to do all these things in this chapter.)



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With MYOB Business, you can change your account numbering to whatever system you like, which can be very handy. The main reason to do this is if your accountant wants your chart to align with the one they use for tax purposes (which will help them work with your accounts). If you've been in business for more than a year or so, dig out the most recent reports from your last tax year and compare your accountant's list of accounts with those in MYOB. If you need to add more accounts in MYOB to make the two match, do so. If you're unsure, ask your accountant to import their chart into your MYOB file, as many accountants do this as part of onboarding their clients to MYOB.

Accounts

Edit accounts Edit linked accounts Import chart of accounts Create account

All accounts Assets Liabilities Equity Income Cost of sales Expenses Other income Other expenses

Search Show inactive Reset

<input type="checkbox"/>	Account number	Account name	Account type	Tax code	Linked	Level	Current balance (\$)
<input type="checkbox"/>	Expenses		Expense			Level 1	0.00
<input type="checkbox"/>	6-1110	Accounting & Bookkeeping	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1120	Advertising & Marketing	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1160	Bank Fees	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1190	Cleaning	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1210	Contractor Fees	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1240	Computer & IT Expenses	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1300	Depreciation	Expense	N-T		Level 2	0.00
<input type="checkbox"/>	6-1420	Donations	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1430	Electricity & Gas	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1440	Entertainment	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1450	Filing Fees	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1470	Freight, Courier & Postage	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1540	Insurance Expenses	Expense			Level 2	0.00
<input type="checkbox"/>	6-1550	Insurance	Expense	GST		Level 3	0.00

FIGURE 2-1: A sample Chart of Accounts, which describes every asset, liability, income and expense in your business.

Looking at account classifications

Whenever you do anything to your Chart of Accounts — be it adding, deleting or changing an account — you have to decide which kind of account you’re dealing with. I explain each account classification in Table 2-1.



TIP

Asset, liability and equity accounts appear on your Balance Sheet report; income, cost of sales and expense accounts show up on your Profit and Loss report.

TABLE 2-1

Account Classifications Used in the Chart of Accounts

Account Classification	When to Use It
Assets	Assets are the good stuff — anything you own, such as money in bank accounts, computers, office equipment, motor vehicles and cash. Asset account numbers start with 1 in the default chart.
Liabilities	Liabilities are what keep you awake at night — that’s everything you owe to other people. Liabilities include credit card debts, loans, GST, superannuation payable, other taxes owing and outstanding supplier accounts. Liability account numbers start with 2 in the default chart.
Equity	Equity is a fancy term for the owner’s stake in the business, made up of money invested initially, and accumulated profit/loss built up over time. Equity accounts include owner drawings, capital contributions, retained earnings and share capital. Equity account numbers start with 3 in the default chart.

(continued)

TABLE 2-1 (continued)

Account Classification	When to Use It
Income	Income is all the money you earn and includes everything you invoice or sell to your customers. Income account numbers start with 4 in the default chart.
Cost of Sales	Cost of Sales is the direct cost of selling goods or providing your service. This account classification includes purchases, raw materials, freight, commissions, production labour and subcontract labour. Cost of Sales account numbers start with 5 in the default chart.
Expenses	Expenses are the day-to-day running costs of your business and include advertising, bank charges, rent, telecommunications and wages. Expense account numbers start with 6 in the default chart.
Other Income	Other Income is probably better described as non-trading income. It includes income that's not really part of your everyday business, such as interest income, one-off capital gains or gifts from mysterious benefactors (if only). Other Income account numbers start with 8 in the default chart.
Other Expenses	Again, think of Other Expenses as abnormal expenses that aren't part of your everyday business, such as lawsuit expenses, capital losses or entertaining aliens from outer space. Other Expense account numbers start with 9 in the default chart.



Other terms sometimes used to describe Cost of Sales accounts include *variable expenses*, *direct costs* or *cost of goods sold*; other terms for Expense accounts include *fixed expenses*, *indirect costs* or *overheads*. Different words, same concepts.

Understanding account types

If you create a new account that's either an asset or a liability, you're prompted to select an Account Type. For those anxious to get everything picture perfect, read on to find out what type to choose.

When creating an asset account:

- » Choose Bank as the Account Type if you're creating a new bank account (such as a transaction account, savings account or term deposit).
- » Choose Accounts Receivable as the Account Type if you plan to use this account for tracking how much money customers owe you.
- » Choose Other Current Asset as the Account Type for anything that isn't a bank account, but is a short-term asset. Examples include Prepaid Insurance, Employee Advances or Inventory.

- » Choose Fixed Asset as the Account Type for anything expensive and material that you can touch, feel and see. Sounds kind of sensual but I'm talking about relatively mundane things such as Plant & Equipment, Land & Buildings and Fixtures & Fittings.
- » Choose Other Asset as the Account Type for those odd things that accountants like to describe as 'intangibles'. Examples include Goodwill and Formation Expenses.

COST OF SALES OR AN EXPENSE?

This is a very common question when starting a new Chart of Accounts. Cost of Sales and Expense accounts are both account types within your Chart of Accounts and both represent money going out of the business, which is why many people get them mixed up — but they have different roles to play within your Profit and Loss reporting. Your Cost of Sales accounts represent the direct costs related to producing the goods or services that you sell to your customers. Think of it as any costs that you need to outlay to earn your income.

The main reason you want to get this allocation right is that it helps you work out your true gross profit on your Profit and Loss report. The idea is that when sales go up, the cost of those sales goes up, and when sales go down, the cost of those sales should go down. Your gross profit helps you work out if you're pricing your goods or services at the right price to make a good profit.

Think about your business and figure out which expenses are truly Cost of Sales accounts. For example, if you're a manufacturer, your Cost of Sales accounts probably include things like raw materials, production labour and freight. If you're a tradesperson, your Cost of Sales accounts will include materials and subcontract labour. If you're a retailer, your Cost of Sales accounts are the goods that you buy to sell again, and usually include stock purchases and freight expense. On the other hand, if you're a consultant, you probably don't have any Cost of Sales accounts because you're not actually producing or selling anything except your time.

Expense accounts include things like accounting fees, bank fees, computer gear, depreciation, electricity, interest, motor vehicle expenses, rent, stationery and telephone. These business expenses don't change much from month to month, regardless of whether your sales go up or down. Think of them as the expenses you incur to run your business.

When creating a liability account:



TIP

- » Choose Credit Card as the Account Type not only for your credit cards, but also for any bank accounts that are always in the red, such as bank overdrafts or line of equity accounts.
- » Choose Accounts Payable as the Account Type if you plan to use this account to track how much money you owe suppliers.
- » Choose Other Current Liability as the Account Type for any money you owe that's relatively short term. Examples include Customer Deposits, PAYG Payable, GST accounts and Superannuation Payable.
- » Choose Long Term Liability as the Account Type for hire purchase accounts, bank loan accounts and long-term loans from directors.
- » The last Account Type is described as Other Liability. I'm yet to really use this as I feel the others cover it all, but I guess it just keeps the assets and liabilities even in options! The official position from MYOB is any other money you owe . . .

Adding your first new account

So, you're ready to create a new account? Here's how:

1. **Go to the Accounting menu and click Chart of Accounts.**
2. **Decide the type of account you're creating, and then click the appropriate tab.**

Here is where you decide whether the account you want to create is an asset or a liability account, an income or an expense account, or an equity or a cost of sales one! When you've made up your mind, click the correct tab.

(Refer to Table 2-1 if you're not sure.)

3. **Decide how to number your new account.**

Decide where you'd like this new account to appear in the list you see and pick a number so that this account falls in the right spot. MYOB sorts accounts in numeric order, but it is a good idea to try and align your list alphabetically as well if you can because it makes it much easier to search through your list for a particular account name. For example, if your Advertising expense account is numbered 6-1000 and your Cleaning expense account is numbered 6-3000, and you want to insert a new Bank Fees expense account between these two, then choose a number between 6-1000 and 6-3000 — say, 6-2000.



TIP

You could use any number between 6-1001 to 6-2999, but give yourself space in the numbering so that if you come back later and need to add another account between these, it will make it a little easier to keep the names alphabetical as your Chart of Accounts grows.

Now, jot down this number on a scrap of paper — you can choose a specific number, otherwise MYOB will use the next available number available after you select the header type. Note also if your new account needs to sit under a *header* (also called a *parent header*) account. Header accounts group accounts together that are alike so that in your Profit and Loss report you can see a subtotal of all the accounts grouped underneath. See 'Grouping under the parent header' later in this chapter for more details.

4. **Click Create Account (the green button to the top right).**
5. **Choose whether the new account is a Header Account or a Detail Account.**

If this new account is to be a heading that appears in bold and groups together the accounts listed beneath it, select Header Account. If you want to create an account that you can add transactions to, select Detail Account.

For more about header and detail accounts, see 'Grouping under the parent header', later in this chapter.

6. **Pick an Account Type.**

Select the account type that best suits the account you are creating. In particular, make sure you select Bank as the Account Type for transaction, savings or investment accounts, and Credit Card as the Account Type for credit cards or overdrafts.

Note: If this new account is an asset or liability, you have more options available to pick the most appropriate Account Type, such as Bank, Fixed Asset, Credit Card or Accounts Payable. If you're not sure which Account Type to select for assets and liabilities, refer to the preceding section.

7. **Select a parent header.**

Choose the parent header account you want your new account to sit under — the one you jotted down in Step 3 now comes in handy. The options presented here are those that sit under the Account Type you have just selected.

8. **Type in the Account Number and Account Name.**

Now you can type in the account number you also decided on at Step 3. Then, type in the name of your new account. Your new account should now look similar to Figure 2-2. (You can ignore the opening balance here at the moment and leave it at \$0.00; Chapter 3 talks in more detail about setting your opening balances.)

9. Choose a Tax Code for the new account.

Most income and expense accounts should have GST as the Tax Code (unless you sell particular GST-free supplies, such as those in the education or medical industries), although some expenses, such as bank charges and donations, should have FRE as the Tax Code. Asset, liability and equity accounts almost always have N-T (not reportable) as the Tax Code, although fixed assets usually have GST as the Tax Code. I talk more on GST lingo in Chapter 16.

10. Optional: Add any useful information about the account in the Notes section, if you wish (you have a 250-character limit here).

You can add a note here if helpful, such as to clarify what the account is for if the Account Name is unclear.

11. Click Save and you're done.

Fantastic! You just created your first new account.

The screenshot shows a 'Create account' form with the following details:

- Account category: Detail account, Header account
- Account classification: Expense
- Account type*: Expense (dropdown)
- Parent header*: Payroll Staff (dropdown)
- Account number*: 6-4200 (text box)
- Account name*: Payroll - Management (text box)
- Opening balance (\$): 0.00 (text box)
- Tax code*: N-T (dropdown)
- Notes: Senior Management (text box)
- Inactive account

Buttons: Cancel, Save

FIGURE 2-2:
Creating a new
account.

Thinking about that pot of gold

As part of tidying up your Chart of Accounts, it's a good idea to tweak your list of income accounts. If you have fewer than three income accounts, have a think about how you could describe your income in more detail. Each major source of income benefits from a separate income account for better reporting purposes.

Maybe you're a builder who earns money from new houses, as well as renovations and extensions. Maybe you earn money from a combination of bookkeeping and consulting. No matter how you earn a crust, try to split your income into different categories. That way, you can generate regular Profit and Loss reports that reflect how your business generates revenue and where your opportunities for growth may be.

Alternatively, maybe your business doesn't just have different sources of income but is actually a couple of businesses bundled under the one ABN — like the news-agent that doubles as a post office, or a chain of hairdressing salons at several different locations. In other words, you not only have different sources of income, but you also have specific costs that relate to each of these sources. If so, one option would be to create separate expense accounts for each source of income/expenses, but soon your Chart of Accounts would look rather large. Instead, you can consider using a single set of income/expense accounts but also setting up the Jobs feature to track your accounts at a deeper level of reporting. For details on using Jobs, see Chapter 17.



TECHNICAL
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UNDERSTANDING LINKED ACCOUNTS

Have you heard of Newton's third law? It says that 'for every action there is an equal and opposite reaction'. Well, many think accounting works in this way too because for every debit there must be an equal credit. Luckily, MYOB helps you through this exact notion of double-entry accounting and does the hard work for you using linked accounts.

These can be found under the Accounting menu by clicking Manage Linked Accounts. You will see four tabs that relate to the core business areas (Accounts & Banking, Sales, Purchases and Payroll) where you process your transactions. Jump in your file and take a look to try and unravel the concept here, keeping debits and credits in mind.

MYOB selects the defaults that suit most business types, but sometimes you may want to direct certain transactions to a different linked account; however, this should be done with caution. Such changes requires a very good understanding of how they will impact the back end of your transactions — impacts that may not be visible to you. These account changes can also affect your reconciliations and reports across the four core business areas.

A deeper level of linked accounts can also be found within the Tax Codes and Payroll sections. For Tax Codes, head to the Accounting menu and select Tax Codes. As an example, click GST in the Tax Code column and the Tax Code details appear, where you will see the next layer of linked accounts (here, you see a Linked Account for Tax Collected and a Linked Account for Tax Paid that you can edit should you wish (again, with caution).

The same goes with Pay Items under the Payroll menu, where you can edit the linked expense account for most items. For example, you could link Commissions to an account called Commission Expense, separating this from the default Wages & Salaries expense account.



TIP

Speak to your accountant to confirm they're happy to track your accounts in this way via Jobs. Most are, but some have special features in their accounting software that track departments differently for financial reporting and so they may need your Chart of Accounts to be set up a little differently. Get their advice first so you can set your file up right from the start.

Deleting unwanted accounts

If you have accounts in your Chart of Accounts that you know you'll never use, waste no time in getting rid of them — Sayonara!



REMEMBER

There are some exceptions (aren't there always in life?) when it comes to deleting particular accounts, and MYOB will tell you if and why an account can't be deleted — for example, if the account is used as a linked account or if you've ever used the account in a transaction. In these situations, your only option is to mark the account as Inactive. The account remains in the file but it has what you can think of as a cloak of invisibility over it — so it won't show up unless you want it to.



WARNING

Treat linked accounts with caution if you're editing or deleting, as changes you make here can impact the way transactions are recorded and cause grief if you get it wrong. After you make a change, be sure to check its effect on your reporting. Do invest in getting advice here if you're unsure — linked accounts can be a little tricky!

Here's how to delete an unused account:

- 1. Go to your Chart of Accounts and click the account name.**
- 2. Click the Delete button at the bottom left of the screen.**

Poof! It's gone.

To bulk delete unused accounts:

- 1. Go to your Chart of Accounts and locate the accounts you wish to delete.**
- 2. Select the accounts to bulk delete.**

Simply tick on the small square to the left of the account number. As soon as you tick a few, the option to Delete Accounts appears above the list of accounts.

3. Click Delete Accounts.

MYOB will now delete all marked accounts in one go. However, any accounts that cannot be deleted will remain, as noted earlier in this section, such as linked accounts or accounts that have already been used for a transaction. You will need to make these accounts inactive instead.

To make an account inactive:

1. **Go to your Chart of Accounts and click the Account Name.**
2. **Check the Inactive Account box at the bottom of the Account Classification section.**
3. **Click the green Save button.**

This account will no longer show on your Chart of Accounts unless you select the option to Show Inactive accounts to the right of the Search field. Also, when allocating an account code to a transaction, the account will not appear in the list for you to select from.



TIP

If you ever want to re-activate an account, then check the Show Inactive checkbox to the right of the Search field on your Chart of Accounts so that the account appears in the list, then select it by clicking the account name and simply remove the check from the Inactive Account checkbox. Hurrah — just like that, the invisibility cloak is off!



REMEMBER

Accounts with audit history cannot be deleted so will instead need to be made inactive.

Polishing Your Chart of Accounts

After you've done the initial Chart of Accounts clean-up — deleting unwanted accounts and creating new ones as you see fit — it's time to submit your Chart of Accounts to a bit of a workout to get it in tiptop shape. Read on to find out more.

Putting things in order

To make it easy as pie to find accounts in your list, I encourage you to make sure your income and expense accounts are in alphabetical order (within each sub-heading, that is), because the format of the Chart of Accounts flows directly through to your financial reports.

However, MYOB sorts accounts in numeric order, not alphabetical order. This means that if you're not careful with numbering when you're creating new accounts, your Chart of Accounts can soon get out of alphabetical order. To reorganise your accounts, you may simply need to change some of your account numbers to make space.

Now it's your turn:

1. **Go to your Accounting menu, click Chart of Accounts, and then click on the account that's out of order.**
2. **Edit the account's number.**
3. **Click Save.**

If you have a few accounts that need changing, you can do it in bulk:

1. **Go to your Accounting menu and click on Chart of Accounts.**
2. **Select Edit Accounts from the buttons near the top of the page.**
3. **Now all cells in your Chart of Accounts are editable — you just need to click in the account number cell you want to change and edit the account's number.**

Note: Other cells are also editable from this view, such as Account Name, Account Type and Tax Code.

4. **Click Save.**



WARNING

Resist the urge to add or edit opening balances here — I talk more about the best way to do this in Chapter 3.

Grouping under the parent header

If you have many accounts that belong together, you can further categorise them into groups in your Chart of Accounts using header and detail accounts. Common examples are where you can create a group for your wage's accounts, motor vehicle expense accounts or different kinds of marketing expense accounts.

Header accounts (also referred to as *parent header accounts* when you're creating new accounts in MYOB) are the headings (surprisingly enough) and appear in bold in the list. *Detail accounts* are the accounts that belong under each header. For example, if you create a header account and name it Motor Vehicle Expenses, you can then add many detail accounts to subcategorise your motor vehicle expenses, such as Fuel, Rego, Insurance and Repairs.

When setting up your header accounts, you get the option to tick if you want to show the subtotal of all accounts sitting under the header. This can be very useful when analysing reports.



TIP

You can create groups of accounts within other groups if you're super-keen and this approach is fit for purpose for your business reporting. For example, you could create a header account called Payroll Expenses, along with several detail accounts, and within this header you could add another header called Wages & Salaries, with detail accounts relating to different kinds of wages within that level (see Figure 2-3).

FIGURE 2-3:
Creating headers
to group
accounts.

<input type="checkbox"/>	Account number	Account name	Account type	Tax code	Linked	Level	Current balance (\$)
<input type="checkbox"/>	6-4000	Payroll Expenses	Expense			Level 2	0.00
<input type="checkbox"/>	6-4001	Payroll Staff	Expense			Level 3	0.00
<input type="checkbox"/>	6-4100	Payroll - Admin	Expense	N-T	Linked	Level 4	0.00
<input type="checkbox"/>	6-4200	Payroll - Management	Expense	N-T		Level 4	0.00
<input type="checkbox"/>	6-4500	Superannuation Expense	Expense	N-T	Linked	Level 3	0.00

Here are some things you can do after you've set up header and detail accounts:

- » You can choose at any time between displaying a highly detailed report (for example, a Profit and Loss report that itemises every expense) and a less detailed report that just shows the subtotals of each group. To do this: Display your Profit and Loss report and then under the Report Options adjust the level filter — 1, 2, 3 or 4. Level 1 shows the least detail; Level 4 shows the most.
- » You can tell when detail accounts belong to header accounts because they're indented and sit in a bunch below the header account. However, sometimes things get muddled and detail accounts appear immediately below their header account without any indentation. This is easy to fix: In your Chart of Accounts, simply click on the Account Name and check that the correct Parent Header has been selected in the Account Classification section. It's like Mum and Dad at the top and all the kiddies sitting under them.



TIP

If you want to move a bunch of accounts under a new header, you can do this in bulk. Locate the accounts you wish to move, then simply tick the square box to the left of all the accounts and a Move To . . . box appears at the top left of the page. Using the options from the drop-down arrow to the right of the Move To . . . box, select the header that you want to move them to — they move all together instead of one at a time. Super-handy to use!

When selecting accounts in this way (by ticking the checkboxes on the left), the option to Edit Tax Code in bulk also appears, which is a lifesaver should you ever go from being unregistered for GST to registered for GST. I talk more about GST in Chapter 16.

Merging accounts

Sometimes you may end up with two accounts that are doing the same thing. For example, you may have one account called Maintenance and then realise that you have another called Repairs & Maintenance. If both accounts have transactions in them, you can't correct the problem by deleting one of the accounts, and unlike in AccountRight, you can't merge accounts in MYOB Business.

The solution here is to use the nifty Find and Replace feature, a topic that's covered in Chapter 6. This way, you can transfer all transactions from one account into the account you want to keep, and then make the account that's empty inactive as shown in the earlier section 'Deleting unwanted accounts'.

Setting Up New Customers

To view your customers, head to the Contacts menu and select All Contacts. (If you're working on a new company file, you may find you arrive at a completely blank list.) You can select Customer as the Contact Type to filter your customers out from suppliers or personal contacts.

MYOB used to refer to your customer records as *cards* (it still does in Account-Right), a rather quaint term harking back to when people used to store handwritten records in little cards on their desk. In MYOB Business, Contacts makes more sense in today's technologically advanced world.

Defining credit terms

Before you set up too many new customers, I recommend you first define your *default credit terms* — namely, the payment terms you offer to most of your customers. (Don't worry if some customers have different terms; you can override the defaults for individual customers within your invoicing.)



REMEMBER

If you are the business owner, you can decide on the terms you wish to extend to your customers (Table 2-2 covers the options available). In my experience, the newer the business, the shorter the term (you may even request cash on delivery just to get cash flowing in); and the more established the business, the longer the terms given.

Here's how to set up your default credit terms:

- 1. Head to your Settings and select Sales Settings from the drop-down menu.**
- 2. Click on the Payments tab.**

This shows you MYOB's Default Payment Terms at the top of the page.
- 3. From the Payment Is drop-down box, choose when you want your customers to pay, using Table 2-2 as a guide.**

TABLE 2-2 **Default Credit Terms**

Payment Method	Payment Terms
Cash on delivery (COD)	Cash, glorious cash. Payment must be made at the time of delivery.
Prepaid	All orders should be prepaid in advance (if you can get it, why not?).
Due in a number of days after the issue date	The given number of days is the time between the invoice date and the payment due date. Enter the number of days in the next field naming the Days after the Issue Date.
Due on a date of this month	The due date is calculated by combining this day with the month on the invoice. A common option here is Last Day, though you can choose any date.
Due on a date of next month	Payment is due on a set date for the following month after the invoice date.
Due in a number of days after the end of the month (EOM)	The due date is a certain number of days following the end of the month. Use this option if the due date is always the last day of the following month.

Entering contact details

When creating a new customer, the first step is to enter all contact details (you know, name, address and so on). Although you can get away with just whacking in a name and nothing else, try to add all the contact details in one go where practical.



TIP

If you're in a hurry, you can do this on the fly when you're creating an invoice by clicking Create Customer direct from within the invoice's Customer field. Chapter 4 talks more about creating invoices.

To create a contact:

- 1. Click on the Contacts menu and select Create Contact from the drop-down menu that appears.**
- 2. Select Customer as the Contact Type.**
- 3. For the Designation, select Company or Individual.**
- 4. Is this contact a business or a person? Enter the individual's full name or the company name.**

Note: It is not a legal requirement to include the customer's ABN so you can skip this field if preferred.

- 5. Enter a Contact ID — if you use codes to identify customers.**

Some businesses may choose to standardise their contacts to an abbreviated format to use for billing purposes or to easily identify customers. If you don't use customer IDs, leave this field blank.

- 6. Complete the Billing Address section.**

Choose the country first, then as you start to type the address you can choose from a suggested prefill match.



TIP

- 7. Add a Contact Person.**

This is handy for when you may need to speak with the customer, so you can ask for the right person (especially in bigger businesses). Adding a Contact Person here also enables you to populate their name in the salutation when you're sending invoices via email.

- 8. Add in an email address or two in the To Email box.**

Here you can add one or more email addresses (some people are so needy aren't they!). Of course, your invoices may need to go to multiple people. Type the first email and press Enter, and then you can type in the next, and so on.



TIP

You also have the option to add a CC email in the same way.

- 9. Now enter the Fax, Phone and Website information for your customer (all optional).**

Thinking about it, when was the last time anyone sent a fax?! Do they still exist?

- 10. For the Shipping Address, check the Same as Billing Address box or go ahead and enter a different shipping address if needed.**

If you select Same as Billing Address, when you generate invoices the Ship To box will not appear, which is tidier. If you do fill in the shipping address with the same one as the billing address, it will add a Ship To box to your invoice, which can look a little odd if they are both showing the same address.



TIP

However, if your customer wants to use a different Shipping Address to their Billing Address, then by all means go ahead and add the two different addresses as required.

11. If required, you can add Notes in the More Information area.

MYOB has kindly added a space where you can freely add further information about your customer, such as spend limits, credit referees or different contacts within the company. Don't let the size of the box fool you — it expands the more you add in, which is very nifty indeed (though note there's a 250-character limit).

12. Click Save.

Well done! Now, on to the next one.

If you make a mistake when you create a new customer, or if someone's details change, it's easy enough to fix. Click on the Contacts menu and select All Contacts, locate the contact you want to update in your Contacts list, click into that contact and make the changes you require, then simply click Save.

You can also make contacts inactive if they're no longer a customer — simply tick the Inactive Contact box in the Details section.



REMEMBER

If you have a contact that is both a customer and a supplier, you need to set up two separate contact records for them.



TECHNICAL
STUFF

CAN MYOB BE YOUR CUSTOMER DATABASE?

Generally yes, if you just want to keep contact details. While the Notes section is great for added information, the 250-character limit here may not be enough at times. Sometimes a business may need to maintain loads of very specific information about its customers. The business may be a club that wants to keep a record of golf scores for each member, a vet who wants to record every animal's vaccination history or a cosmetologist who wants to update a client's treatment records. In these situations, you're definitely best to maintain an independent Customer Relationship Management (CRM) system in addition to your contacts in MYOB.

When choosing a CRM system, take note of whether it integrates with MYOB Business, as this could save you double-entering data.

Importing contacts from other software

You may already have a customer or supplier listing set up on your computer before you start using MYOB; if so, you probably don't want to be entering all these details manually into MYOB. In this instance, look into importing your contacts into your MYOB file.

This chapter doesn't have enough space to cover importing contacts in detail, but if you go to the Help section when you are on the Import and Export Data page (which you can find under your Settings by clicking the question mark), it offers you a link to support on importing your contacts (click Importing Contacts and you'll find a handy article that explains just what to do, including a sample template).



WARNING

One word of warning, however. If you make a mistake mapping your data, something that might take only five minutes to import can take many hours to fix. For this reason, start by importing data for only a dozen or so contacts. Once you've done the import and checked these contacts are correct, you can proceed to importing the rest.

Adding New Suppliers

Before starting on your supplier contacts, jump to your Purchases Settings (under the Settings menu) — you can set all your supplier preferences here (I introduce these briefly in Chapter 1). Go through the three tabs (Layout, Templates and Email Defaults) and be sure to add your email under the Email Default tab — that way, if a supplier does reply to an email, it goes straight to where it needs to go.

To add a new supplier, you follow pretty much the same process as adding a customer (refer to the earlier section 'Entering contact details'). Click on the Contacts menu, select All Contacts from the drop-down menu that appears, and then click on Create Contact in the top-right corner. Choose Supplier as the Contact Type this time. If you're in a hurry, you can get away with just adding the supplier's name and nothing more; however, at some point you must come back and enter their ABN as a minimum.

While the Create Contact process is much the same for a supplier as a customer, you do need to keep a couple of extras points in mind as you go. Here's are the extra areas to note when adding a supplier:



TIP

» **Report Payments to ATO via TPAR (Taxable Payments Annual Reporting).**

If you tick this on all payments allocated to the supplier, payments will be pushed through to TPAR reporting for the Australian Taxation Office (ATO), due every August. These payments need to be reported for subcontractors that offer a service within a reportable industry such as building and construction, cleaning, courier services and some IT services. The ATO is your best reference point to know if your business should be reporting TPAR.

- » **Add in the supplier ABN.** Here, you find the genius of MYOB. As soon as you enter the ABN, you will see a cross-check in place — a green tick will appear if the ABN is valid, a red will appear if it's not, and a yellow tick will appear if the ABN has been cancelled.

Now while this in itself is awesome, after you've entered the ABN, the real magic comes if you click on the ABN's status — it actually brings up a summary from the ABN lookup site and confirms the name associated with this ABN and its GST registration as well. This means you can also be sure if a supplier's tax invoice is showing the correct GST details or not and if it is the true ABN of the supplier. I can't tell you how many tradie clients I have had that have realised many of their contractors suspiciously had the same ABN as Bunnings! This magic button caught them all.

- » **Open ABN lookup website.** This is an extension of the preceding point but it takes you to the actual ABN lookup site, with the ABN prefilled for further information should you need it.

- » **Expense account.** You can add in an account code if purchases from this supplier will always fall in the same expense category. For example, if Officeworks is one of your suppliers, you can add the code for Printing & Stationery here (which should begin with a 6). Sure, sometimes you might buy office furniture rather than stationery, but in that instance within the transaction you can easily change the coding to a capital expense code if needed. Usually, it's a great way to save time if you can pre-empt where a supplier will sit in your records.

- » **Bank details.** If you want to pay your suppliers by uploading batch payments to your internet banking, you need to add your supplier's bank details in the More Information section. I chat more about electronic payments in Chapter 14.

It is imperative you double-check and triple-check the bank details you enter here. Banks can't recoup money that may have been paid to an incorrect account, so you could risk losing your hard-earned money — so check, check, check! I say this from personal experience, happily it was only \$300 I lost but it was a lesson very well learned when I first started out as a bookkeeper. I had



WARNING

the details correct but I'd checked an old invoice against it and the business had been sold in the meantime, so I ended up paying the old owner (who was not legally obliged to give it back, and the bank could do nothing about it). You must take care with electronic payments.

Looking After Your Contacts

Hands up — who loves housekeeping? Said no-one ever. But how good does it feel when you sit and look around at a job well done? Your MYOB company file is no different. After a few months pass, you'll find that a bit of housekeeping is already required to keep your lists in tip-top condition.

Here I explain how to locate customer or supplier details and how to delete unwanted contacts.

Managing contact details

After you add a few customers and suppliers, go to your All Contacts view (under the Contacts menu) and check out your work. Make life easier by trying out the following tips:

- » **Alter your view settings.** For example, you can sort each column simply by clicking the column label at the top. So, if you click the Name column, contacts are sorted alphabetically. Click the Name label a second time to view the list alphabetically in reverse — Z-A. Or you can click the Balance Due column so that customers who owe you the most appear at the top of your list.
- » **Look to see if key data is missing.** Immediately you can see if you are missing any customer or supplier basic details as they're left blank — this way you can be sure to go back and complete them, especially for suppliers if you're reporting TPAR.
- » **Power to search.** Can you see the Search field near the top-left? This is very handy as your contacts list grows in number so you can find exactly what you need.

Deleting customers or suppliers

Having customers or suppliers in your list that you don't use is like littering your lounge room with old socks. Time to get rid of the mess:

1. **Go to the All Contacts view (under the Contacts menu) and click on the unwanted customer or supplier name.**
2. **Scroll all the way to the very bottom and click Delete on the bottom left.**

Done. Alternatively, if you get a message saying that the contact can't be deleted because a job history or journal entries are attached, then your only option is to tick Inactive Contact under the details section. Out comes that invisibility cloak to hide this away until you need it to come back (if ever).

Finding transactions using accounts, customers or suppliers

Want to find transactions for an account, customer or supplier? I talk about finding transactions in lots of spots throughout this book:

- » Chapter 4 provides details about locating customer invoices.
- » Chapter 5 explains how to look up bank account transactions.
- » Chapter 6 explores a cool new way to find and replace information in transactions.
- » Chapter 7 talks about locating customer payments.
- » Chapter 8 explores how to find supplier bills or payments.
- » Chapter 10 explains how to look up transactions relating to specific items of inventory.



TIP

Don't get muddled between looking up *transactions* for a particular customer or supplier and looking up *contact details*. To view contact details — maybe to look up a phone number or check a contact name — go to your Contacts menu, select All Contacts from the drop-down menu and search for who you want, then simply click in to get the details you need.

IN THIS CHAPTER

- » **Setting up opening balances for customers**
- » **Doing the same thing for your suppliers**
- » **Sorting out other account opening balances**
- » **Making sure inventory opening balances are on track**

Chapter **3**

Setting Up Opening Balances

In this chapter, I explain how to record opening balances for customers, suppliers and inventory, as well as how to set up opening balances for all asset, liability and equity accounts. Although some of these activities can be a little daunting if you don't have bookkeeping experience, this chapter walks you through each stage, step by step.

You only need to read this chapter if your business was already up and running before you started using MYOB. If your accountant has completed your prior year tax return and generated a Balance Sheet as part of doing your accounts, it will be a good idea to have this Balance Sheet at hand to refer to as you progress through this chapter. If your business is new and you're using MYOB right from the word 'go', you don't have any opening balances to carry forward. You can happily ignore this entire chapter.

Customer Opening Balances and Historical Invoices (Sales)

In the first part of this chapter, the aim of the game is to tell MYOB about all the customers who owed you money at the point you started using MYOB, which for most businesses, will be the first day of the current financial year. By entering these transactions (which MYOB refers to as *historical invoices*), you stay on top of who owes you money, and just how much, right from the start.

Recording how much customers owe you

Start by making a list of all customers who owed you money as at your *opening balance date* (the date from which you're recording transactions in MYOB). Make sure this list includes invoice numbers, invoice dates, total amounts and total GST for each invoice. I find that a spreadsheet such as Google Sheets or Excel works well for this task, and I always add a row at the bottom to calculate the total amount of all invoices owing. This total is handy for cross-checking your work once you've finished entering each of these invoices into MYOB.



TIP

You can check your opening balance date by going to your Settings menu, selecting Business Settings, and scrolling to the bottom. For example, if the opening balance date shows as July 2024, then you want to make a list of all invoices that were still owing to you on 01/07/24 that have a date of 30/06/24 or earlier.

To add historical invoices (sales) to MYOB:

- 1. Go to Sales → Create Invoice and select the name of the customer from the Customer drop-down menu at the top left.**

If this customer doesn't already exist in your Contacts, click Create Customer to add them now.

- 2. Enter the original Invoice Number in the Invoice Number field.**

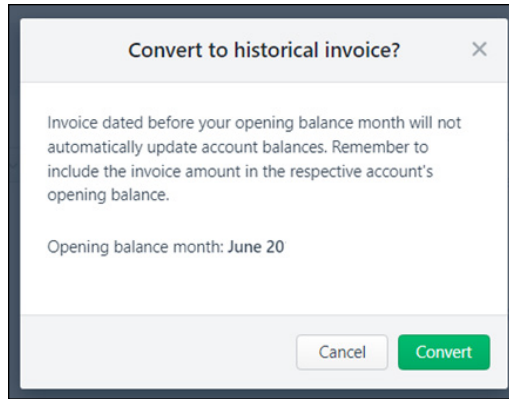
Override whatever invoice number MYOB offers and manually adjust this invoice number to be the number you used when you originally billed this customer.

- 3. Adjust the Issue Date.**

The Issue Date of the invoice should be the date of the original invoice. So if the invoice was dated 28/10/2023, then enter this as the date.

Assuming the date you enter is prior to your opening balance date, the Convert to Historical Invoice pop-up box appears (see Figure 3-1).

FIGURE 3-1:
The Convert to Historical Invoice pop-up box.



4. Click the green Convert button.

MYOB takes you back to your invoice. The Description is prefilled with the words 'Historical Sale' and the invoice is allocated to your Accounts Receivable.

By entering historical sales in this way, you don't make the mistake of recording last year's sales as income in the current financial year.



REMEMBER

5. Enter the total invoice amount in the Amount column, including GST.

If you charged GST on this invoice, make sure the total includes GST.

6. If your invoice total includes GST, change the Tax Code to GST.

Selecting the correct tax code is vital if you report GST on a cash basis, as this GST will be reported on your Business Activity Statement (BAS) once the customer pays.

Figure 3-2 shows what a historical invoice looks like when it's ready to record.

7. Double-check the tax amount.

MYOB Business has a weakness in that you can only enter historical invoices as either 10 per cent GST, or no GST at all. This doesn't work if you sell a mix of non-taxable and taxable goods. In this scenario, you need to enter two invoices, each with the same invoice number. The first invoice is for the taxable amount; the second invoice is for the non-taxable amount.



WARNING

8. Check the invoice Total on the bottom right is correct and click the Save button.

If you have a customer who owes you for several separate invoices, you may think it would be easier to add one invoice for the whole amount. Agreed, as it takes longer to enter this information sale by sale than just entering one lump sum. However, this extra detail is super helpful later when you need to match



TIP

customer payments against specific invoices. Also, if you are still chasing the money, the invoices will be itemised on this customer's statement, aligning with their systems and avoiding confusion.

9. Repeat this process for every outstanding invoice.

Create invoice

Invoices dated before your opening balance month will not automatically update account balances. Remember to include the invoice amounts in the respective account's opening balance

Customer *
Cindy Charming

Invoice number * 00001769

Customer PO number pre-myob

No ABN provided No open quotes

Billing address
1 PINK WAY
BEACH WA 6028
Australia

Issue date * 28/06/20

Due date * 12/07/20

Amounts are Tax inclusive
 Tax exclusive

Description	Account *	Amount (\$) *	Job	Tax code *
Historical sale	1-1200 Accounts Receivable	1,650.00		GST

Subtotal \$1,650.00
Freight (\$) Set up freight account
Tax \$150.00
Total \$1,650.00
Amount paid \$0.00
Balance due \$1,650.00

Cancel Save

FIGURE 3-2: Recording a historical invoice for a customer who owed you money prior to using MYOB.



TIP

If by chance you also have historical sales that are credit notes, you can also enter these credits following these same steps. The only difference is that in Step 5 you will need to enter your total amount as a negative number. When you click Save, a pop-up will appear to note that you're creating a Customer Credit — click Save again at this point to complete the process. The credit can then be found by going to Sales → Customer Returns. When you are ready to apply this credit, turn to Chapter 7 to understand the process of applying these overpayments to a customer's account.

After you've recorded every invoice, you're ready to check that everything balances. Read on to find out more . . .

Checking your totals

The next step is to check you got your work right:

- 1. Go to your Sales menu, select Invoices from the drop-down menu, then filter the Customers drop-down menu by All Customers.**

2. Select All for the Status filter and adjust the date range (Date From/Date To) to the date range you entered for your historical invoices.

3. Check that the Total Amount owing shown in the top right equals the total of money owed to you in the list you made earlier.

Use the list you made of all the invoices you were owed at your opening balance date, referred to at the start of the preceding section.

If the two don't balance, go through each line one by one until you find the difference.

4. In an ideal world, check that the Total Amount owing shown in the top right equals the total amount of money in your previous year's accounts.

If you've completed last year's tax return and if your accountant included a Balance Sheet as part of your end-of-year accounts, you can check the amount on the list you made equals the balance shown against Trade Debtors (sometimes called Accounts Receivable) on the Balance Sheet.

If the two don't balance, make a note to ask your accountant about the discrepancy.

Entering your Accounts Receivable total

If you're confident you have entered your historical invoices correctly, you have one last thing to do (and then yes, you can breathe a big sigh of relief and reward yourself with a nice box of chocolates for a job well done). You need to enter this Total Amount owed to you by customers into the Accounts Receivable (that is, the Trade Debtors) opening balance.

To do this:

1. Go to Accounting → Chart of Accounts.

2. Find your Accounts Receivable account (you can find this under your Asset accounts) in the Account Name column. Click the account name.

The Edit Account page appears.

3. Enter the total amount that customers owe you in the Opening Balance (\$) field.

This is the total that you cross-checked between the historical invoices in MYOB and your list of outstanding invoices (refer to the preceding section for more details).

4. Click Save.



REMEMBER

The total of historical invoices, inclusive of GST, must match the total you enter as your Accounts Receivable (Trade Debtors) opening balance. If you're happy this matches up, then you're done here. Enjoy the well-earned choccies — my weakness is hazelnut!

Supplier Opening Balances and Historical Purchases

Much like historical sales, the idea of entering *historical purchases* for suppliers is that you tell MYOB about all the suppliers to whom you owed money (known as Accounts Payable) at the point you started using MYOB. However, before worrying about this step, ask yourself whether you need to do anything at all:

- » If you always pay suppliers by cash, EFTPOS or credit card, and you don't buy any goods on credit, you don't need to worry about entering historical purchases.
- » If you don't purchase much from suppliers on credit, and you don't want to use MYOB to track how much you owe, you don't need to worry about recording historical purchases here either. Instead, you can simply record bills at the point of payment, either by working directly from bank feeds or by recording transactions in Spend Money (Chapter 6 can guide you here).

You may need to enter the Accounts Payable (Trade Creditors) opening balance if your accountant's Balance Sheet shows an amount you owe. This is so that when you enter the rest of your opening balances, you have no out-of-balance amount that pushes through to historical balancing (which I elaborate on in the later section 'Balancing the whole kit and caboodle').



TIP

If you're not sure whether you want to record supplier bills in MYOB or not, make your way to Chapter 8, where I talk about this decision in more detail. It's great to have options here — why do the extra work if you don't have to?

If you decide that you definitely do want to record historical purchases, return to the beginning of this chapter and follow the instructions under the heading 'Customer Opening Balances and Historical Invoices' except adapt these instructions for suppliers. The principles are exactly the same, but bear the following in mind:

- » Where I say 'Customer', simply substitute the word 'Supplier'.
- » Where I say 'Sale', substitute the word 'Purchase'.

- » Where I refer to 'Receivables', look for 'Payables'.
- » Where I refer to 'Trade Debtors', look for 'Trade Creditors'.



REMEMBER

Once complete, don't forget to ensure your historical purchases are correct. Look under the Purchases menu and select Bills from the drop-down menu, filtering the dates to match the historical purchases you just recorded. View the Total Amount towards the top right. Reminder — this total needs to marry up to the amount of the Accounts Payable (Trade Creditors) in your Balance Sheet report as at 30 June of the prior year from your accountant, assuming this information is available.

When you're satisfied that everything is aligned, jump into your Chart of Accounts (under Accounting) to enter the Accounts Payable (Trade Creditors) total into the Opening Balance amount, just as you did for Accounts Receivable (Trade Debtors). Follow the steps in the earlier 'Entering your Accounts Receivable total' section.

Account Opening Balances

If your accountant has already finalised last year's accounts, you can record account opening balances by referring to your Balance Sheet report as at 30 June of that year. This report is the perfect reference for entering opening balances and means you can skip straight to the section 'Balancing the whole kit and caboodle'. However, if you don't yet have a complete Balance Sheet report for the previous financial year, read on.



WARNING

Entering all opening account balances is a pretty technical process, and you need a really good knowledge of debits and credits and the Assets = Liabilities + Equity equation (perhaps I've lost you already!). If you're at all unsure about what to do, you're probably best to ask for assistance from your accountant or bookkeeper. This is definitely one of those times to go straight to the professionals because getting these initial set-up balances wrong may cause issues a year down the track.

Entering a few balances to get started

You don't need to record all opening balances in order to get going with MYOB. Indeed, you can get away with simply entering the bare essentials. To enter these figures, click on the Accounting menu, select Chart of Accounts, and click on Edit Accounts at the top towards the right. This opens the opening balances column for all account codes. You can see in Figure 3-3 what this page looks like.

Cancel Save

OPENING BALANCE DATE 01/07/2018 REMAINING BALANCE \$25,895.00

Account number	Account name	Account type	Tax code	Opening balance (\$)	Current balance (\$)
Assets		Asset		0.00	0.00
1-1000	Current Assets	Asset		0.00	0.00
1-1100	Bank Accounts	Asset		0.00	0.00
1-1110	NAB Business 2925	Bank	N-T	0.00	0.00
1-1120	NAB Savings 6448	Bank	N-T	25,895.00	0.00
1-1170	Undeposited Funds Account	Bank	N-T	0.00	0.00
1-1171	Electronic Clearing Account	Bank	N-T	0.00	0.00
1-1200	Accounts Receivable	Account receivable	N-T	0.00	0.00
1-1210	Other Receivables	Account receivable	N-T	0.00	0.00
1-1962	Deposits To Suppliers	Other current asset	N-T	0.00	0.00
1-2100	Property, Plant & Equipment	Asset		0.00	0.00
1-2110	Plant & Equipment	Fixed asset	CAP	0.00	0.00

FIGURE 3-3:
Recording
account opening
balances.

The most important opening balances to enter are as follows:

- » **Your opening bank account balance:** Simply look at the opening balance on your bank statement for the day you started using MYOB. (If you're in any doubt about what figure to enter, I talk a little more about opening bank balances in Chapter 9.) Enter this amount against the Business Bank Account balance at the top of your Opening Balance column. You need this figure to reconcile your bank account.
- » **Any other bank account balances:** Ideally, enter the opening balances for all other business accounts, such as online savings accounts and credit cards.
- » **Opening balance of Accounts Receivable (Trade Debtors):** Did you have any customers who owed you money at the point you started using MYOB? If so, enter the total amount owed to you by these customers as historical sales. Refer to 'Recording how much customers owe you' earlier in this chapter for more detail.
- » **Opening balance of Accounts Payable (Trade Creditors):** Whether or not you want to enter a balance for Accounts Payable depends on a few factors. Refer to 'Supplier Opening Balances and Historical Purchases', earlier in this chapter, for more detail.

You'll notice that when you only enter a few balances, MYOB shows a Remaining Balance in the top-right corner in red (to help it stand out). Don't worry about this amount for now — once you have entered the full Balance Sheet, it should go back to zero. It's a useful extra check to see if everything is allocated and balanced (see the next section for more on this).

Balancing the whole kit and caboodle

If you want to have a stab at entering all the opening balances, feel free. In order to do so, ask your accountant for a copy of your Balance Sheet for the date from which you started using MYOB. Then, with this document in hand, you're ready to begin.

1. Return to your Chart of Accounts (from the Accounting menu) and select Edit Accounts.

Your opening balances appear.

2. Working from your Balance Sheet report, enter your opening balances one by one (if you have already entered some of these, you don't need to enter them again).

Be careful not to re-enter balances that you have already entered at some time in the past or you will find it difficult to achieve a zero balance.



TIP

For those of you that don't miss a trick, you may note that a Balance Sheet only lists asset, liability and equity accounts, but the Opening Balances column has editable opening balance boxes for income and expense accounts too. Don't worry. You can safely ignore opening balances for income and expense accounts.



REMEMBER

Enter all your opening balances as positive numbers rather than using negative numbers for liability accounts. Only enter negative amounts if the account has true negative balance. Generally, this only happens for asset accounts that record accumulated depreciation or some GST liability accounts, so keep an eye out for those exceptions.

3. When you've entered all the amounts from your Balance Sheet, check that the Remaining Balance is back to zero.

If the remaining balance is not \$0.00, go back and check your balances once more.

One of the satisfying things about accounting work is that everything should balance. However, if you have no luck on this front, read on.

If the Remaining Balance doesn't return to zero (trust me, you are not alone), here are some ideas to fix the problem:



TIP

- » **Have you entered all minus figures correctly?** Anything appearing in brackets on your Balance Sheet, such as accumulated depreciation accounts, should be entered as minus amounts in your opening balances — but these are the only minus figures you should see.
- » **Have you entered an incorrect amount somewhere?** Spot this at a glance by going to the Reporting menu, selecting Reports from the drop-down menu, clicking into the Balance Sheet report and selecting your start date as the Date. Compare this report with your accountant's Balance Sheet and then try to spot the difference.
- » **Is your Amount Left to be Allocated a multiple of nine?** If so, you have probably reversed a couple of figures — for example, typing \$63 instead of \$36. This is a brilliant trick to have up your sleeve, and it works a treat! It's good to remember for reconciling as well.

If you can't get your opening balances to balance, don't worry. Make yourself a cuppa and come back for one more look a little later with fresh eyes. If you're still having no luck, get someone to call out the numbers while you check or lastly, get your accountant to have a look at your company file and spot what has gone awry — after all, they know debits and credits like the back of their hand.



TECHNICAL
STUFF

THE MYSTERY OF HISTORICAL BALANCING

Whenever you create a new company file, MYOB automatically creates an equity account called Historical Balancing. This account acts like a holding account for setting up new balances or storing out-of-balance amounts.

When you enter just a few opening balances to get started, MYOB dumps the out-of-balance total of these entries into your Historical Balancing account.

If you have an amount in this account, this indicates that your opening balances are incomplete, or that you've made a mistake when recording your opening balances. Don't worry too much for now — your accountant can easily fix this problem by checking the opening balances you've entered and repairing the issue.

However, if you've been running MYOB for more than a year and you still have an amount in your Historical Balancing account, I suggest you provide a gentle reminder to your accountant that this needs some attention.

The good news is you can continue using MYOB while you're figuring this out as the difference will be allocated to a special equity account called Historical Balancing, which puts it in safekeeping until you solve the puzzle (see the nearby sidebar 'The mystery of Historical Balancing').



WARNING

As your account opening balances are directly related to the opening balance date specified in your Business Settings, don't *change* your opening balances without discussing the possible implications with your accountant first. This can get messy to track back so tread carefully here.

Opening Inventory Balances

You only need to worry about adding opening inventory quantities and costs if you plan to use the inventory features in MYOB Business. Chapter 10 talks all about this decision. Chapter 10 also explains how to set up numbers and descriptions for inventory items, and you'll need to have this information in place before you can record your opening inventory.

Entering the opening balances of your stock helps start you off right by having the value and quantities of these items within your MYOB file so your future balances are correct when you start to buy and sell.



TIP

MYOB Business allows you to create as many items to buy and sell as you want, but unless you subscribe to pay an additional monthly fee for unlimited inventory (also referred to as Premium inventory) the number of items that you can inventory is limited to ten. If you go over the ten items, you will receive a pop-up asking if you would like to upgrade (you must be the subscription holder to upgrade Inventory). Alternatively, you can head to your business name, select My Account from the drop-down menu and click on Manage My Product in the Products section to upgrade from there.

In order to enter your opening inventory balances, you need to know the opening counts and costs for each item. You will also need to create an asset account in your Chart of Accounts called Inventory (with the Account Type of Other Current Asset) to allocate these balances to. With this information in hand, get ready . . . get set . . .

1. Go! Head for the Inventory menu and click Create Inventory Adjustment.

The Adjust Inventory page appears. The Inventory Journal number simply defaults to the next number (and starts at IJ000001).

2. **Set the opening balance date to 30 June of the prior year (the date prior to your opening balance date).**
3. **As the Transaction Description, type 'Inventory Opening Balances'.**
4. **On the first line, select the first item for which you want to adjust quantities in the Item ID column.**

If you haven't set up any items yet, click Create Item to add this item now. Chapter 10 explains more about this process.

If you've already set up an item but it doesn't appear in the drop-down list, it may be that your settings are incorrect. Go to the Inventory menu, select Items, and ensure you clicked the option 'I Track Stock for This Item' for this item.

5. **In the Adjustment column, enter the Quantity Held.**

As soon as you enter a number in the Adjustment column, this updates the Amount column.

6. **Enter the Unit Cost, excluding GST.**

You may choose to enter the average cost as the Unit Cost, or, if your accountant recommends you to do so, the last price paid may also be used here. You may need to refer to your previous accounting system or to recent supplier bills to retrieve this information.

The Amount field now displays the total value of your stock of this inventory item (that is, quantity on hand \times unit cost).



WARNING

Remember that you're entering costs, not selling prices, and that these cost prices should be tax-exclusive (excluding GST).

7. **Select Inventory in the Account column.**

Your account allocation should go to the Inventory asset account you created earlier in this section.



TIP

Enter your Inventory Opening Balances in short batches rather than all at once, because if you accidentally press the wrong key, you won't lose all your hard work.

After you've entered the first few items, your list may look similar to the one shown in Figure 3-4.

8. **Optional: Enter the purpose of the adjustment in the Memo column.**

Here, you can explain the purpose of this adjustment or add further information as required.

Adjust inventory

Inventory journal number: IJ000001 Date: 30/06/ Transaction description: Inventory Opening Balance EOFY adjustment

Item ID *	Name	Current	Adjustment	New on hand	Unit cost (\$)	Amount (\$)	Account *	Job	Memo
CHI25	Chiccos	0	20	20	32.00	640.00	1-1320 Invent		Inventory Opening Balances
JEB34	Jellybeans	0	8	8	24.00	192.00	1-1320 Invent		
LOL01	Lollypops	0	48	48	16.00	768.00	1-1320 Invent		
MAR11	Marshmallows	0	16	16	26.50	424.00	1-1320 Invent		
Fre30	Freckles	0	15	15	19.00	285.00	1-1320 Invent		
		0							

Cancel Save

FIGURE 3-4: Recording opening inventory balances.

9. Click the Save button.



TIP

For one final check, consider jumping back into the Items list under the Inventory menu, where you'll see a nice summary of the Inventory Opening Balances you've entered, which you can double-check before moving on.

2

**Everyday
Activities**

IN THIS PART . . .

Discover how to create invoices to send to your customers from wherever you may be (in your office, with your clients or on a luxury escape).

Find out why bank feeds are such a big deal, and why you need to get them set up now.

Harbour no illusions about the costs of business. Look at how to record expenses, keep track of bank accounts and deal with petty cash.

Record customer payments, see how much customers owe you and use MYOB's features to help you chase overdue accounts.

Generate purchase orders, keep tabs on how much you owe to suppliers and discover how to record supplier payments.

Know your accounts are picture perfect by reconciling your bank account, every time.

IN THIS CHAPTER

- » Generating your first sale
- » Creating invoices while away from the office
- » Getting your head around the whole GST drama
- » Fixing your mistakes. What? You're not perfect?
- » Creating quotes and sales orders
- » Saving time by setting up recurring templates for repeat sales
- » Sending invoices

Chapter 4

Making Sales

Finding your way through your first invoice in MYOB will give you quite a sense of achievement — you'll get your first sale, understand the process of creating and sending invoices, and realise that MYOB provides an easy workflow for you to follow.



TIP

Throughout this chapter you will often need to go and edit your Sales Settings. For a reminder of where your settings live, turn to Chapter 1.

Recording Your First Sale (Yippee!)

Creating your very first sale in MYOB can be a pretty cool experience. Type in your customer's details, describe what you're selling and click Send to email this invoice to your customer. Simple, right?

The process is pretty intuitive; in fact, you could give it a try on your own and you would likely do a reasonable job. However, it takes a bit of practice to make sure you don't miss any tricks.



TIP

Before you get started with entering invoices, here are a few things to keep in mind about invoicing:

- » **Customers:** If you haven't set up your customer in the Contacts section of MYOB yet, no probs — you can create one on the fly. I explain how to do this in the later section 'Using the Services and Items layout'.
- » **Customer PO numbers:** Ask your customer if they have a PO (*purchase order*) number they would like to use. This may help you get paid faster as the customer will already have given permission for the spend on their side by setting up a PO, so you reduce the likelihood of delayed payments.
- » **Invoice layout options:** You can specify an invoice layout preference in your Sales Settings, under the Layout tab. You have two layout options:
 - **Services and Items:** This is the best layout for most things. You can use the Services and Items layout for selling both goods (items) and services. For more details, see the next section, 'Setting up services in your Items List'.
 - **Services:** The Services layout is best if you want to include lots of descriptive information about the services you provide. It's also easier to use as you only need to enter one total amount rather than a unit price per quantity (as with the Services and Items layout).
- » **Notes to customers:** The Notes field is a helpful place to add messages to your invoices, such as 'Thanks for your business' or more details about your payment terms. For more details about adding notes to your customers, see the section 'Using the Services and Items layout'.

I cover each of these areas and more in the following sections, as well as how to create your very first invoice.

Setting up services in your Items List

I'm going to leap straight into the thick of things and ask you to think of a service you provide to customers, such as a service fee, an hourly fee, a consulting charge, delivery fee or callout fee. With this in mind, I suggest you jump in and create this service as your first item:

1. Go up to your Sales menu and select Items.

Your Items List appears.

2. Click Create Item, at the top right of the screen.

The Create Item page appears.

3. Enter the item's Name and Description in the Details section.

Make the Name meaningful — after all, this is what customers are going to see on their invoices. For example, if you're setting up an item to bill for your labour, the item's Name could be something simple like 'Service Fee', and the Description could be more detailed, such as 'Hourly Onsite Service Fee' (be as descriptive as you need to be if it isn't obvious).

If you tick the Use Item Description on Sales and Purchases checkbox, MYOB will display the Description field rather than the Name field. It depends on your business which option works best for you. (There's no option to display both.)

4. Enter the Item ID — this is a mandatory field.

Your Item ID is usually an abbreviated version of the item's Name — so in the example in Step 3, your Item ID may be 'ServFee'. It can be a combination of numbers, letters and symbols. However you name your Item IDs, keep your approach logical and consistent. Chapter 10 guides you through the nitty-gritty of creating items.

5. Tick the I Sell This Item checkbox in the Selling section of the page.

Don't tick I Buy This Item or I Track Stock for This Item because at this point your focus is on setting up a service (and you don't need to buy or track stock for units of time).

6. Add your Selling Price and select whether it is Tax Inclusive or Tax Exclusive.

The Selling Price is your hourly rate for this service. Ask yourself: Is this rate inclusive or exclusive of GST? In other words, have you already added GST to this selling price (tax inclusive), or will you add GST later when you create your invoice (tax exclusive)? If you're not registered for GST, you can select either option, as it won't make a difference.

7. Add your Unit of Measure.

For services, this is usually Hour (Hr) for hourly fees, but it could also be Each for callout fees or standard charges.



TIP

8. Select the Income Account for Tracking Sales.

Note: In Chapter 2, I talk about designing your Chart of Accounts so that your income accounts reflect the different kinds of revenue your business generates. Now that you're setting up items for the purpose of billing customers, link each item to the most relevant income account.

In Figure 4-1, notice how I link the 'ServFee' item to an income account called Service Income.

The screenshot shows a 'Create item' form with several sections:

- Details:** Name: Hourly Onsite Service Fee; Description: Hourly Onsite Service Fee; Item ID: ServFee. A checkbox 'Use item description on sales and purchases' is checked.
- Inventory:** A checkbox 'I track stock for this item' is unchecked. A dropdown for 'Asset account for tracking inventory' is empty.
- Selling:** A checkbox 'I sell this item' is checked. Selling price (\$): 150.00. Selling price is: Tax exclusive (selected). Unit of measure: hr. Income account for tracking sales: 4-1500 Service Income. Tax code: GST.
- Buying:** A checkbox 'I buy this item' is unchecked. Buying price (\$): empty. Buying price is: Tax exclusive. Unit of measure: empty. Expense account for tracking purchases: empty. Tax code: empty. Supplier item ID: empty.
- Restocking information:** Minimum stock level: 0. Primary supplier for reorders: empty. Default reorder quantity (per buying unit): 0.

At the bottom right, there are buttons for 'Cancel', 'Save and...', and 'Save'.

FIGURE 4-1: Creating items for each service you provide (or each item you sell).

9. Select the Tax Code.

The tax code here should be the same code as the tax code that's linked to the Income account selected, as the two are related. Generally, if you're registered for GST and the services you provide aren't GST exempt, then the tax code is simply GST.



TIP

Want to check your GST registration status? Visit the ABN Lookup page on the Australian Business Register website for more details (abr.business.gov.au).

10. Click Save at the bottom right of the page.

Well done, you've created your first service item. Now you're ready to send someone an invoice!

Using the Services and Items layout

Ready to create your first invoice? Here you go:

1. **From the Sales menu, select Create Invoice.**
2. **Type the customer's name and click on their name when it appears.**

If the customer already exists in your Contacts, details about the customer appear for you to select.



TIP

If you haven't set up this customer yet, you can create a new customer on the fly here. When you click the drop-down arrow next to the Customer field, the option to Create Customer appears next to a plus symbol. You can add the bare minimum of information (such as the customer's name) and go back later to populate the rest of their details, or you can add all their details now.

Refer to Chapter 2 for lots more info on adding customers.

TAKE THE SHORT ROAD HOME

Why go on the back roads when you can take the expressway? You can create an invoice directly using the 'quick add' button (a plus symbol), which is called Create New. You can add many things quickly here, such as a new Quote, Invoice, Bill, Pay Run, Employee, Contact and more, without having to navigate the relevant menu first. It's like using the new McDonald's self-ordering kiosks — the favourite meals appear with one click from the home screen for you to choose from, but if you want to swap out the mayo for Big Mac secret sauce then you need to jump into the menu to discover all the options.



REMEMBER

3. Check your invoice layout is set as the Services and Items layout.

To check your invoice layout, click the purple cog wheel on the far right of the page and ensure Services and Items is selected. This layout isn't only for selling items; you can also sell units of time, service fees, membership fees and so on (refer to the preceding section for how to set up services as items).

After you decide which layout works best for your business, you can make this your default layout via the Sales Settings.

4. Accept the invoice number.

Most of the time, you're fine to accept whatever invoice number MYOB suggests, but if it's your first invoice, I recommend you pick a number over 1,000 (this suggests you've been in business for a while, which may build confidence in your customers more than starting with invoice number '1').

Note: The invoice number automatically goes up by one with every new invoice.

5. If you have a customer purchase order (PO) number, type the number in the Customer PO Number field.

No PO number? You can leave this field blank, or you can simply ask for the name of the person buying the goods or services and enter their name as the PO number here. Having a reference is handy, especially when dealing with bigger businesses, so you have someone you can go back to if needed.



TIP

6. Enter the Issue Date and check your Due Date is correct, based on your terms.

Hopefully, you've already set up your payment terms as a default via the Sales Settings page (refer to Chapter 2 for more on this). Due dates are set system-wide, so if a particular customer needs to be on different terms, you can adjust the due date on the invoice when you create it — click the Due Date field and other payment options appear, which you can edit as required.

7. If you have online payments enabled, select whether you want to offer this payment option on the invoice.

You can offer your customers alternative ways to pay you, such as using Visa, Amex and Mastercard. To enable online payments, click Start Getting Paid Online and follow the prompts to apply for this payment option (for more details about this feature, skip to Chapter 7).

If you've already enabled online payments, click Allow Online Payments if you're happy to offer these payment options to this customer.

Sometimes it makes sense *not* to click this option for high-value invoices, as it can save significantly on merchant fees. However, note that you have the option to click Apply Surcharge if you want to pass these fees onto the customer.

8. Select whether your invoice amounts are Tax Inclusive or Tax Exclusive.

Choose how you want your invoice totals to display — either including or excluding GST amounts. In general, if you sell a mix of taxable and non-taxable goods, you're best to display amounts excluding GST.

If you're still not sure, experiment with creating a couple of invoices, one with GST included and one without, and view these invoices as a PDF (the later section 'Previewing your first invoice' explains how to do this) to see what you prefer.

After you select your preference for your first invoice, MYOB will remember this for future invoices.

9. Add the Item ID to the first column.

Click the first row under Item ID and type the Item ID. If you want to see a list of all your items, click the drop-down arrow to the right side of the Item ID field and all items will appear in a list. From here, you can select the item required.

For more on setting up items that you buy and sell, go on a spin to Chapter 10. For more on setting up your services as items, refer to the preceding section.

If you can't see a column with the heading Item ID, you may be using the wrong invoice layout — go back to Step 3 to get back on track.



TIP

10. Review the Description, Account, Unit and Unit Price information.

These fields prefill based on the data you entered when you created the item. However, you can override the standard description or the price if you need to.

11. Enter the quantity of the item you're selling in the No of Units field.

The default quantity is one unit, but you can edit the quantity for both services and items. For example, if you're billing a customer for two hours at \$80 per hour and your Unit measure is set as hours for this item, enter **2** in this column.



TIP

Mates' rates? Just add the percentage discount you want to pass on in the Discount (%) field (depending on how good a mate they are!) and MYOB does the hard work for you. Be sure to check the total amount is correct after applying the discount, at least on your first few invoices, to be sure your setup is shipshape.

12. Check the Amount (\$) is correct.

Run a quick calculation of the number of units multiplied by the unit price to check this matches the amount shown on your invoice.

13. If you're using jobs, enter the Job number.

If you want to track job income and expenses, enter the job number now. (For more about jobs, and to discover how to track the profit from any job, project, venture or cost centre, see Chapter 17.)

14. Check the Tax Code.

Skip ahead to 'Tax doesn't have to be taxing' later in this chapter for more info on selecting tax codes. **Note:** The tax code will be prefilled as per your item setup; however, you can edit the code here if you need to within this invoice.

Great work, you have now added your first item to your invoice!

15. If you want to add more items to your invoice, move to the second line and repeat steps 9 to 14 until you're done.

If you add an item and then realise you've got it wrong, click the three horizontal dots to the right of the line and select Remove. If you want to insert a line between two items, click the three horizontal dots and select Insert Line Item.



TIP

16. Optional: Add a note in the Notes to Customer section.

To add a one-off note, type in the empty field below the Notes field. To add a note you can use again and again — perhaps a pick-up address or more details on payment terms — click the drop-down arrow in the Notes field and click Create Note. Add a Note Name and Note Text, and click Save. When you return to the invoice, click Save as Default if you want this note to appear on every invoice.

By this time, your invoice probably looks pretty similar to Figure 4-2 (assuming you're in the business of providing catering services).

17. Check the Subtotal, Tax and Total values are correct.

It can't hurt to double-check, and it saves bigger issues in the long run. The GST is the most likely figure to be wrong, and if so, this almost certainly means you've selected the wrong tax code.

18. Click View PDF to preview your invoice or click Email Invoice to — you'll never guess — email your invoice.

If this is your first invoice, click View PDF and then Export to preview your invoice before you send it to your customer. Alternatively, select Email Invoice and enter your own email address in the To field so you can check how the invoice and email notification will appear to your customers.

If you find your invoice template needs a little tweaking to get it just right, head to your Sales Settings and make adjustments as needed.



TIP

Create invoice

Customer *
Cindy Charming

Invoice number * 00001080

Customer PO number CCA145

No ABN provided No open quotes

Issue date * 05/07/20

Billing address
1 Red Street
Blacktown 2056
Australia

Due date * 19/07/20

VISA BPay Start getting paid online

Amounts are Tax inclusive Tax exclusive

Item ID	Description	Account *	Unit	No of units	Unit price	Discount (%)	Amount (\$) *	Job	Tax code *
Cats	Catering Staff	4-2000 Service Ir	Hr	2	100.00	0.00	200.00		GST
CLP>	Corp Lunch Platter XL	4-3000 Catering	Ea	4	95.00	0.00	380.00		GST
CTA	Coffee & Tea Assortment	4-3000 Catering	box	1	60.00	0.00	60.00		GST

Notes to customer Save as default
We appreciate your business.

Subtotal \$640.00
Freight (\$) [Set up freight account](#)
Tax \$64.00
Total \$704.00
Amount paid (\$) 0.00
Balance due \$704.00

View PDF Email invoice Save as recurring Prefill from recurring Cancel Save and... Save

FIGURE 4-2:
A typical invoice
with an Item
layout.

When you are happy with how your invoices look, including how they will appear in your customers' inboxes, you are ready to send your invoice! Turn to the later section 'Sending Customer Invoices' to find out all your options for sending invoices using MYOB.



19. Select your preferred save option to save your invoice.

You have three save options here, depending on what you want to do next: Save and Create New, Save and Duplicate, or simply Save.

Congratulations, your first invoice is good to go! Happy dance all round.

Providing a service: Invoicing with the Services layout

Service invoices give you plenty of room to include a detailed description in the body of the invoice about the services you have just provided for your customer.

To select Services as your layout, simply enter the customer's name and then, before you record any other information, click the purple cog wheel on the right and select Services as your layout type.

Services invoices are very similar to Services and Items invoices (to skim through the instructions for creating a Services and Items invoice, refer to the preceding section), but with three easy-to-spot differences:



TIP

- » **You enter a Description rather than selecting an Item Code.** Let your creativity run wild. Don't just type 'Service of washing machine' — tell the customer what you really did, down to every drop of sweat, drip of oil or minuscule part used, so the customer feels they're getting what they pay for.
- » **You need to choose the income account every time you record a sale.** Next to the Description column is a column headed Account. Browse through your income accounts from the drop-down arrow and take your pick of the one that fits best.

If you know the name of the account you want to use, you can start to type the name and options will appear based on your Chart of Accounts.
- » **You only need to enter one value in the Amount (\$) field, instead of the number of units and the unit price.** Enter the total value for the service or goods provided.

Invoicing on the Go

If you or any of your employees work away from the office, you may want to raise invoices while you're on the move, when you're right there with the customer or as soon as you finish the job. Depending on your personal preferences, you can choose to create an invoice directly from your smartphone, laptop or tablet.

Using the MYOB Invoice app

To bill a customer direct from your smart device, you need to complete the following:

- » **Download the free MYOB Invoice app from the app store for your device (available on both IOS and Android).** Just search MYOB and it will pop up (at the same time, you can download the MYOB Capture app to assist with your expenses — I talk more about that magic trick in Chapter 8).
- » **Log in to the app with your MYOB email and password.**
- » **If you want to invoice a customer for items, ensure these items have already been set up in your company file.** I talk about setting up items in Chapter 10 and the earlier section 'Setting up services in your Items List'.

With these three requirements complete, you can fire up the MYOB Invoice app on your device and follow the prompts to create an invoice. You can see what the invoice on the app looks like in Figure 4-3.

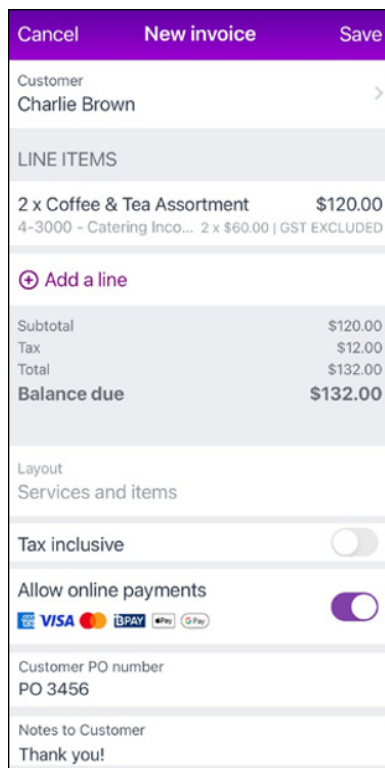


FIGURE 4-3: MYOB Invoice enables you to create and send invoices directly from your smartphone.

You'll find that the functionality of MYOB Invoice is simple yet it provides all the essentials for creating invoices when you're out and about. Not only can you add new invoices and email these invoices to customers, but you can also add new customers and review outstanding customer balances — which is great for chasing up customers at the pub on a Friday afternoon! (One of my customers swears by this method — he says most people are happy on a Friday afternoon so getting money out of them is easier!)

The MYOB Invoice app also allows you to add customers, change invoice layouts and generate quotes, as well as email invoices. One of the only things you can't do is delete invoices through the app.

MYOB Invoice syncs automatically to your file, so if you have an admin person back at the office they will be able to see your added invoices as soon as you save them.



TIP

The benefit of the app is heightened if used in tandem with Online Invoice Payments (OIP) because you can also receive payments while you're with customers. If you're onsite and you send a customer an invoice, they can open the email and click Pay Now to pay via credit card, Apple Pay or Google Pay right there and then, which saves you carrying a separate payment device. Chapter 7 covers the setup and benefits of using OIP.

Logging into MYOB when you're out and about

Although the MYOB Invoice app is pretty nifty, typing on a small-screened device such as a smartphone can be a bit fiddly (and you may need to get your glasses on!). You may find that if you have more than one or two invoices to create, you prefer to work with a bigger view of MYOB, such as on an iPad or tablet.

On these devices, log in as you would on your computer at app.myob.com and you are all set to go. (By the way, 'out and about' can also mean away from your desk and on the couch with your iPad on a Monday night, applying payments to invoices so you can keep up to date on your reminders. You're no longer stuck as if by a ball and chain to a desk! In summer by the pool is a particular favourite of mine . . .)



REMEMBER

If you're an AccountRight user, you have access to the same features and functions by simply accessing your file via app.myob.com on the browser of any device (you don't need to download the AccountRight software if you're accessing your file via the browser). From this view you can invoice directly from your file and carry on business as usual. AccountRight users can also download the MYOB Invoice app to access invoicing on the go via a smartphone. If you want to create invoices via AccountRight in the browser, simply follow the steps in the earlier section 'Using the Services and Items layout'.

Meeting GST Requirements

Although MYOB handles GST perfectly well, it can't guarantee that you will produce legit tax invoices every time. It relies on you to complete your part of the deal as well, so you can be sure certain fields are entered and captured as required.

Ensuring your invoice is up to scratch

To ensure your tax invoice meets Australian Taxation Office (ATO) requirements, you need to be sure the following appears on your invoices:

- » **Your business name and Australian Business Number (ABN).** This is the business name you have registered and the ABN you have received for your business. If these details don't display correctly, review and change in your Business Settings (under the Settings menu). Here, you have the option to add both your Business Name and your Trading Name (you can choose which to display on your invoices in the invoice templates). If you're unsure what name to use when, your accountant can help provide clarity for you.
- » **If you're registered for GST, the words 'Tax Invoice'.** These words appear automatically in the standard MYOB templates. If you're not registered for GST (and have marked 'No' to the question 'Is this business registered for GST?' on the GST Settings tab in your Business Settings), then the standard MYOB template will just say 'Invoice' at the top rather than 'Tax Invoice'.
- » **If you charge GST, either the total amount of GST payable or a comment saying that the total price includes GST.** If the invoice is for a mix of taxable and non-taxable goods, you need to clearly identify each line item that's taxable and show exactly how much GST you're charging on each item.
- » **The date the invoice was issued and a brief description of the goods or services sold.** The date is pre-populated with the current date, but you will need to select the items you're selling or add a description of what you are selling as a minimum by the ATO (the invoice should not be left blank with just a price).
- » **With invoices for more than \$1,000 (including GST), either the customer's name and address or the customer's name and ABN.** For these high-value customers, be sure to include all the details in this list (brief description, date, your ABN, and so on), as well as either the customer's name or their ABN.



REMEMBER

Tax doesn't have to be taxing

For every line on every invoice, you must enter a code in the Tax column. Short of closing your eyes, clicking your mouse at random and accepting whatever tax code first appears, you're going to have to get a grip on which code to pick when.



TIP

- » If you're registered for GST, and charge GST on your sales, select GST as your tax code.

- » If your business sells GST-free goods such as childcare, medical services or exports, choose FRE as your tax code.
- » If your business sells a mixture of goods, some attracting GST and some GST-free, choose the appropriate code (either GST or FRE) as your tax code.
- » If your turnover is less than \$75,000 annually, and you have chosen not to register for GST, select N-T (for Not Reportable) as your code.

Want the tax code to come up correctly every time? No worries:

- » For sales of services, make sure that every income account in your Chart of Accounts has the correct tax code associated with that account. Refer to Chapter 2 to find out more.
- » For sales of items, make sure every item has the correct tax code in the Selling section of the Item (which is under the I Sell This Item checkbox).



REMEMBER

These tax codes assume you're using the Simpler BAS (Business Activity Statement) reporting method, which is for businesses with a GST turnover of less than \$10 million. If your turnover is over \$10 million, see Chapter 16 for more detail about tax codes.

Toggleing how you view prices

The introduction of GST has heralded a new era in bookkeeping since its introduction in 2000. Forget multiplying by two, dividing by five or understanding fractions. Cast algebra to the wind and know that to get by in the world of GST, you just need to be a wizard at multiplying by ten and dividing by eleven.



REMEMBER

Fortunately, MYOB can divide by eleven sooner than you can say 'tax'. Whenever you record a new sale, you can choose to display prices including or excluding GST by clicking the Tax Inclusive or Tax Exclusive option. MYOB retains your preference for subsequent invoices.

To the bottom right of the invoice, where you see your totals, be sure to double-check the actual Subtotal, Tax and Total amounts on your invoice are correct, and that your Tax Inclusive or Tax Exclusive selection makes sense. You know the correct amount you want to invoice your customer, so you can check these totals match what you expect to see.

Digging Yourself Out of a Hole

Admit it! You rarely spend a day at work when something doesn't go amiss. It happens to everyone. So, in the next couple of pages, I explain how to change and delete invoices cleanly if the need arises.

I also rave on about one of accounting's other little mysteries: Credit notes.

Looking things up

The best place to view all your invoices at once is via Sales → Invoices. This displays a list of all your invoices (which you can filter by Customer, Status and different periods or dates). Assuming you know the invoice number, customer name, PO number or even the amount, the quickest and easiest way to find an invoice is to enter one of these details into the Search field and the invoice details appear in a flash.

Of course, your searches may be limited by the filters you use, so if nothing displays you may need to widen your search — in particular, widen the date range as this is the most common culprit, and then try again. After you find the invoice you're looking for, you can click the invoice number to view the invoice details.

Here are a few more tips for finding stuff quickly and easily:

- » **Search for all invoices belonging to a particular customer.** Can't recall the specific invoice number? Select your customer under the Customer drop-down at the top left to help.
- » **Select the Status of your invoice.** Filter by All, Open, Closed or Credit. Open means unpaid and Closed is paid; these are legacy terms from when MYOB first began, and it looks like they've stuck. If you're not sure, leave the filter on All to search through everything. Credit shows where you have issued a credit invoice (for example, a customer return).
- » **Don't forget to change the dates.** MYOB always defaults to displaying the last three months when opening your file, so if you need to widen your search, adjust the time frame in the Date From and Date To fields. Alternatively, you can use the common pre-set date range options under the Period filter, which may be even easier.
- » **Try sorting the columns in different ways.** Did you know that you can sort any of the columns simply by clicking the column's heading? For example, if you want to sort by invoice number, simply click the heading Invoice No and you can sort the numbers from smallest to largest or largest to



REMEMBER



TIP

smallest — click the heading to switch between the two. If you want to sort by the amount owed, click the Amount (\$) heading.

- » **Review the Status column:** The Status column shows invoices as Open, Paid, Overdue or Credit. The Overdue status in particular is helpful, highlighting invoices that have moved past the payment terms set on your invoice. A Credit status reminds you that you are yet to apply this credit or refund the customer (when you do, the Status changes to Paid).



TIP

The last column shows the invoice *Activity* and tracks the different possible stages of your invoice, showing if your invoice has been emailed, downloaded or viewed by the customer. This column is most useful for alerting you if there's an issue with the delivery of your invoice (for example, if the email address is wrong and MYOB hasn't been able to send your invoice). Keeping an eye on this column means you can fix such errors and resend your invoices when needed.

Changing or deleting invoices

So, you've just recorded a customer invoice when you realise that you've messed up. Your first step towards rectifying the situation depends on whether you've sent the invoice or not . . . before you panic, breathe in for five and out for five!

If you haven't sent the invoice yet, then take a big sigh of relief. All you have to do is find the invoice (go to Sales → Invoices and refer to the preceding section for extra tips on finding invoices), click on the Invoice Number to open the invoice, then fix your mistake. Click Save when you're done and send as needed.

Alternatively, if you completely blew it with this invoice, you can always choose to delete it. To do this, first find the invoice (go to Sales → Invoices) and click the Invoice Number to open the invoice. At the bottom left is a Delete button. Close your eyes and . . . whoosh, the invoice is gone forever.

Of course, if you've already sent the botched invoice to your customer, you shouldn't make any changes at all, no matter how bad your mistakes. Instead, remembering that communication with your customer is key, try the following:

- » If you overcharged the customer, create a credit note for the difference (see the next section, 'Raising credit notes').
- » If you undercharged the customer, create an additional invoice for the difference.

- » If you stuffed things up completely, get in touch with the customer. Depending on their systems, they may be able to disregard the incorrect invoice (at which time you can simply make your changes and resend it). If, however, they have already entered it into their system, they may require a full credit for the invoice and a new invoice to replace it.

STICKY FINGERS, STICKY SITUATIONS

Unlike some accounting software, deleting invoices is the only way to go in MYOB Business if you want to have the flexibility to fix mistakes easily. On the other hand, you probably don't want employees to be able to delete customer invoices after they've sent them or to delete transactions without thinking about the impact on your bank reconciliations.

On the whole, the Delete function is useful as people inevitably do make mistakes, and if you can't delete things, you truly can create a mountain out of a molehill. You may need to provide guidance to employees and policies around deleting invoices if you have many users in your file. Perhaps adding a few layers of protection, such as needing approval from a senior user before you delete a transaction, as well as putting a few fraud prevention strategies in place, can also help keep people accountable.

I could write a whole chapter on fraud prevention, but I can quickly summarise some useful strategies as follows:

- If possible, don't allow the bookkeeper to handle cash, do the banking on their own or authorise electronic payments. Have an approval system in place so you as the business owner are involved in any functions that relate to money.
- Review transaction changes by running the Journal Security Audit report (Reporting → Reports → Business) on a regular basis. This report is very powerful and can be filtered to show not only edits or changes, but deletions also. You can also filter this report by Users — ideal if you're worried that a particular employee may not be doing the right thing. Look at the filters available by clicking the Report Options button and selecting the appropriate filter. Tell your employees that you have access to such a report — prevention is better than cure.
- All employees should have their own login and not share logins.
- Define user roles carefully so that employees doing general work in MYOB, such as entering sales, don't have access to other parts of the software.

I talk more about password restrictions and security in Chapter 1.



WARNING

If you have employees who are responsible for invoicing, and you have some customers who pay by cash, then consider setting internal controls so that the person receiving cash doesn't have the authority to access sales functions in MYOB. That way, nobody can be tempted to pocket the cash payment and then hop into your MYOB company file and simply delete the sale as if it had never existed . . . as they say, out of sight, out of mind.

Raising credit notes

In principle, creating a credit note is just the same as creating an invoice; the only difference is you simply use negative *quantities* in the No of Units column (if you're using a Services and Items layout) or negative *amounts* in the Amount (\$) column (if you're using a Services layout).

Here's how to raise a credit note:

- 1. Head to the Sales menu, and select Create Invoice from the drop-down menu.**



TIP

Don't forget your quick add function — to create an invoice at any time, simply click the plus symbol towards the top right of the screen and select Invoice from the options provided.

- 2. Enter the customer's name, and the corresponding Invoice Number.**



TIP

For good recordkeeping, use the same invoice number but add CR (for credit) at the front of the number (so if your original invoice number was 1895, it becomes CR1895). This helps later when you're applying the credit, so you can identify exactly which invoice you need to apply the credit against.

If the original invoice also had a PO number, add it here so the customer is aware of this link (which may help them with their own record-keeping).

- 3. Enter the date of this credit in the Issue Date field.**

The Issue Date should not be older than the original invoice date and is usually the date you create the credit.

- 4. Add the details of this credit.**

If you're using a Services and Items layout, choose the same Item ID as the original invoice and then enter negative figures in the No of Units column. For example, if you're issuing a refund for two units of something, enter -2 as the quantity. Double-check the Unit Price and Amount (\$) columns, which should both display as negative amounts.

If you're creating a full credit, then the final invoice total and tax totals should be identical to the original invoice.

If you're using a Services layout, simply add negative figures in the Amount (\$) column, again checking that the Total matches the original invoice if you're issuing a full credit (or that the amount is correct for the portion you're crediting).



REMEMBER

5. Enter a brief explanation for this credit.

Enter the reason for the credit in either the Description field (if using a Services layout) or in the Notes to Customer field (if using a Services and Items layout).



TIP

You may find it easier to add the credit details in the Notes to Customer field on every occasion, regardless of invoice layout, so you can always find credit details in the same place.

Your credit note should look something like the one shown in Figure 4-4.

6. Click Email Invoice or Save, and then click Save again.

Because the total is a negative amount, MYOB alerts you that you're creating a customer credit. Click Save to continue. If you preview this invoice, you'll see that MYOB knows to put the words Adjustment Note at the top, rather than Tax Invoice.

The screenshot shows the 'Create invoice' interface in MYOB. The customer is 'Cindy Charming'. The invoice number is CR1080, and the customer PO number is CCA145. The issue date is 06/07/20, and the due date is 20/07/20. The billing address is 1 Red Street, Blacktown 2058, Australia. The item is 'Corp Lunch Platter XL' with a unit price of 95.00 and a quantity of -1, resulting in an amount of -95.00. The tax code is GST. The subtotal is -\$95.00, and the total is -\$104.50. The notes to customer field contains the text: 'We appreciate your business. Apologies for the overcharge on platter - only received 3.' The form also shows payment options (VISA, Mastercard, BPAY, etc.) and a 'Start getting paid online' link. The 'Amounts are' section is set to 'Tax exclusive'. At the bottom, there are buttons for 'View PDF', 'Email invoice', 'Save as recurring', 'Prefill from recurring', 'Cancel', 'Save and...', and 'Save'.

Item ID	Description	Account *	Unit	No of units	Unit price	Discount (%)	Amount (\$) *	Job	Tax code *
CLP>	Corp Lunch Platter XL	4-3000 Catering	Ea	-1	95.00	0.00	-95.00		GST

Subtotal: -\$95.00
Freight (\$): Set up freight account
Tax: -\$9.50
Total: -\$104.50
Amount paid (\$): 0.00
Balance due: -\$104.50

FIGURE 4-4: Creating a credit note.

7. Apply the credit to the original invoice.

Go back to your Sales menu and select Customer Returns from the drop-down menu. Find your credit in the list, highlight it and click Apply to Sale. Apply the negative balance of this credit note against the original invoice. (This is where the same invoice number comes in handy if you have a big list of invoices.)

Alternatively, to issue a refund for this credit, skip to Chapter 7.

Working with Quotes and Sales Orders

The good news is, if you know how to create a sale, you already know how to create a quote or a sales order for your products or services. Sales orders are a little different to quotes — they're a promise to customers that you will supply items at some point in the near future (perhaps you can't supply those items immediately because they're out of stock, or perhaps you need to make those items first). A *sales order* is a supply commitment from the seller and a buy commitment from the buyer that helps alleviate the potential loss of a sale if you don't have the stock on hand.



REMEMBER

Sales orders are only available with MYOB Business Pro and all AccountRight plans.

To view your quotes, go to Sales → Quotes (if you have already created a few) or go to Sales → Create Quote to create your first one.

Straight up, you should notice that quotes look and feel exactly like invoices; however, here are a few things to be aware of so you can use quotes more effectively:



TIP

» Be sure to add an Expiry Date to each quote — this is key if you've given your customer a time-limited special deal.

» Once you have sent the quote and your customer comes back to you, change the status of the quote from Open to Accepted or from Open to Declined. From your Quotes list, click the Quote Number; on the Quote page that appears, adjust the Status drop-down to the right to update to Accepted or Declined.



TIP

Keeping the status of quotes updated helps if you're chasing work and want to know which customers haven't come back to you yet. If you have lots of quotes outstanding, you can sort the quotes in your Quotes list by filtering the Status (at the far right of the page) to get an overview of your Open quotes.

- » If a customer accepts your quote and you want to convert this quote into an invoice, go to your Quotes list and use the Search field to search for the Quote Number. Click the Quote Number and then at the bottom click the Convert to Invoice button. Then, hocus pocus, you will see it change into an invoice like a pumpkin to a carriage.

Note: When a quote changes to an invoice, it doesn't keep the same quote number; instead, MYOB automatically applies the next invoice number available. So when this happens, know it's the system and not a mistake at your end.



TIP

- » Use the quick Create New function (the plus symbol at the top right of the page) to add a Quote quickly and easily.
- » Create quotes on the go through the MYOB Invoices app (refer to the earlier section 'Invoicing on the Go').

To view your sales orders, go to Sales → Sales Orders. To create a sales order, go to Sales → Create Sales Order.

Like quotes, sales orders look and feel exactly like invoices. To make the best use of sales orders:



TIP

- » Be sure to add a Promised Date — this helps set your customer's expectation so they know when the item will be available and they can track its progress.
- » If you want to convert a sales order to an invoice, display the sales order and click Convert to Invoice.



TIP

- » Use your Reorder Stock report to keep track of what customers have ordered and how much stock you require. To use this report, simply record sales orders for any items that customers order for which you're out of stock. Once you record a sales order for an item, the quantity on order displays in the Committed to Customer column on your Reorder Stock report. Chapter 10 has all the details on this process.

At the time of writing, sales order features are relatively limited in MYOB Business (you can't apply a payment against a sales order, convert a quote to a sales order or email a sales order). These improvements are in the pipeline and may be available by the time you read this chapter.

Setting Up Repeating Sales

Do you send some customers the same invoice month after month or year after year? Maybe you're a maths tutor and you send out tuition fees every term, or a personal trainer with a set monthly fee.

The good news is you can set things up so that you don't have to wear out your fingers typing the same invoice every month — you can create the invoices automatically. Yay, more free time!

Creating recurring invoices

The first step is to create a recurring invoice, just like a template that you use to produce identical invoices again and again. Here's how:

- 1. Create your customer's invoice, but instead of clicking Save, click Save as Recurring.**

Go to the Sales menu, click Create Invoice and create your customer's invoice (refer to the earlier section 'Recording Your First Sale (Yippee!)' for how to create an invoice). Then, instead of clicking Save, instead click the Save as Recurring button to the bottom left.

A window pops up (see Figure 4-5 for a preview of what you're in for).

- 2. Give your recurring schedule a name.**

When prompted, type a name for your recurring sale in the Schedule Name field. Call this sale whatever you like, as long as it's something you can recognise (the customer's name and frequency usually works pretty well).

- 3. Select how often the sale happens and a start date.**

Indicate whether you make this sale every week, every month, every quarter, or whenever. Specify when you next want this sale to occur (this date has to be at some point in the future; you can't travel back in time). Then, choose how many times you want this sale to be recorded (you have three options: Continuing Indefinitely, Continuing Until This Date, and Perform This Number of Times).



TIP

Hurrah! MYOB will do all the work for you and automatically create this invoice when it is next due, without you doing a thing. It will sit in your Invoices list ready for you to review and email.

Create recurring transaction

Schedule name*
Charlie Brown Coffee box

Frequency*
Monthly

Starting*
01/07/20

Continuing indefinitely
 Continuing until this date
 Perform this number of times

12
12 remaining

Go back Save

FIGURE 4-5:
Setting up a
recurring invoice.

4. Click Save.

When you click Save, you're flicked back to your original invoice. Don't get confused and think that nothing has happened. It has. All you have to do now is click Save one last time to record the current sale and save this template for the next time you want to invoice this customer.



TIP

If the frequency of the transaction will vary and you don't want the invoice to be created automatically, be sure to select the Frequency as Never. This way you have control and can create the recurring invoice whenever you wish. This may be helpful if you have customers on a trial period who have not yet committed to long-term use of your services or goods. All other frequency options will automate the invoice creation for you, which works well for sales that proceed like clockwork, such as monthly subscriptions.

Recording sales automatically

So you've created an invoice, saved it as a recurring template so that you can use it again, and you've recorded the invoice itself. Now, close your eyes and imagine time ticking by. Tick, tick, tick . . . Aha! You've arrived at the future, and now you're ready to bill your customer again.

What you need to do next depends on what Frequency you selected when setting up the template.



WARNING

If you selected a specific frequency in the recurring invoice schedule (for example, scheduling an invoice to generate monthly or quarterly), you need to monitor the Activity column in your Invoices list very carefully. Unfortunately, although MYOB will generate customer invoices according to the schedule you've set up, these invoices won't actually be emailed to customers, and you won't receive any notifications from MYOB that these invoices have been created. You need to monitor your Invoices list carefully so that when MYOB creates these invoices, you can review and email them.

In order to spot these unsent invoices, select Invoices from the Sales menu. From here, scroll across to the Activity column. Auto-generated invoices will stand out, as they'll have a blank activity column indicating that they haven't been emailed or printed yet. You can then click the Invoice No field to review and email the invoice.

Alternatively, if you selected Never as the frequency, then you don't need to worry about monitoring statuses in your Invoices list. Instead, when you're ready to use this template, simply select Create Invoice from the Sales menu, click Prefill from Recurring, and select the template you want. Then you don't have to do much at all, except review, email and save.



TIP

Recurring transactions tend to be created by MYOB between 7am and 9am on the day the recurring transaction is due. If a whole heap of recurring invoices are created for you, you can bulk email these rather than opening and emailing them one by one. Simply go to Sales → Invoices, click the square checkbox to the left of each autogenerated invoice and click the Email button that appears above your list of invoices. Complete the email Subject and Message, and click Send Invoices. This bulk send option is a handy time-saver if you have lots of recurring invoices.

Copying and changing recurring invoices

From time to time, you'll want to edit your sales recurring template, maybe fixing up schedules, changing billing amounts or deleting old templates. To do any of these things, make your way to the Sales menu and down to Recurring Transactions, and take the required action:



TIP

- » To change the name, frequency or dates of a recurring transaction, click the purple Schedule Name, make the changes required, then click Record.

You can also create new recurring transactions from here too — select Create Recurring Transaction from the top right.

- » To delete a template, go to your Recurring Transactions list, click the Schedule Name, scroll all the way to the bottom and click the Delete button.



REMEMBER

Deleting a recurring transaction template only deletes the template and doesn't delete any transactions you recorded in the past using that template.

By the way, you don't need to go through the hullabaloo of setting up recurring templates if you just want to create an invoice that's similar or the same to one that you've created already. To copy an invoice, open an invoice that's similar and click Save and Duplicate at the bottom right. You can then make any changes you require.

Sending Customer Invoices

Yay, you're ready to send a customer your first invoice. Read on to find out how to print and email invoices, as well as how you can use eInvoicing in MYOB.

Previewing your first invoice

Before you send your first invoice, you'll want to preview what it looks like to ensure it's neat as a pin and has all the info that you want.

To preview an invoice, simply click the View PDF button towards the bottom left of your invoice. Click Export to view the PDF. (Note that depending on your Report Settings MYOB will either just open the PDF in a new tab or will download the PDF to view in the browser.)

If you want to tweak the format of your invoice, you can do so in your Sales Settings menu. Chapter 1 talks more about customising invoice templates.

Emailing invoices

Here, I assume you have set up your customer contact details as suggested in Chapter 2 and have added the correct email addresses. **Note:** An email address can be added or removed within the following steps, but it's good practice (and saves time in the long run) to add email addresses to your contacts for ease.

To email a customer their invoice, follow these steps:

- 1. Create an invoice as normal then click the Email Invoice button towards the bottom left (next to the View PDF button).**

Your invoice will be saved before the email sends. A pop-up window opens for you to review the email information that will be sent. Figure 4-6 shows the email window and its options.

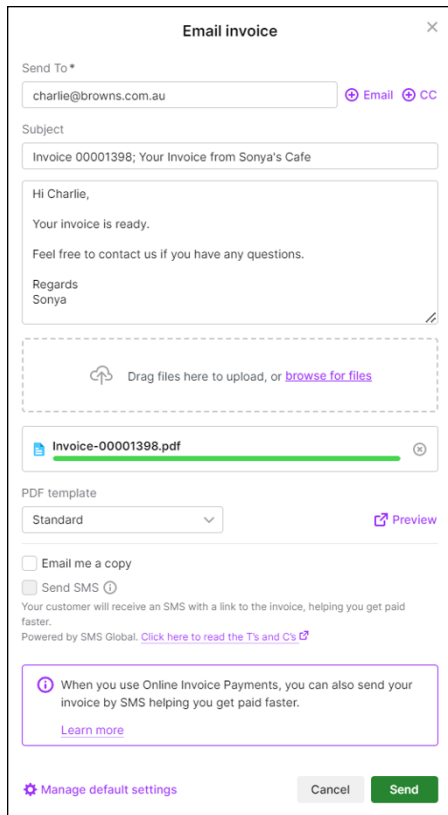


FIGURE 4-6:
Emailing an invoice.

2. Check the customer’s email address is correct (as well as any extra emails you added through the contact).

You can add other email addresses on the fly here if needed, including a CC email. **Note:** Adding emails in this window does not update the Contact.

3. Review the subject and message.

The subject and message are pulled in from your email defaults in the Sales Settings. The Subject and Message can also be edited in the Email Invoice screen if you need to make any one-off adjustments.



TIP

To change your email defaults and make them a little more personalised, head to the Sales Settings and go to the Email Defaults tab, where you can edit and set the subject and message defaults for an invoice, quote or statement. Don’t forget to update your reply email address here too, so if the customer hits reply to email with a query, it comes straight back to you.

4. Add any further PDF documents.

You can also add other PDF documents to go out with the invoice; for example, if you're a plumber and you want to invoice a client for materials at cost, you can add the receipt for these to your invoice. You can either drag a PDF copy into the attachment box or click Browse for Files to add a PDF document from your computer. The email will send with these attachments. **Note:** You can only add PDF-format documents here.

5. Check you are happy with the default Invoice Template.

The invoice template showing here is the one you have set as the default within your Sales Settings. If you need to change the default template as a one-off, simply click the drop-down arrow to the right of the template and adjust as required.



TIP

If you want to make a permanent change to your default template, go to your Sales Settings and under the Templates tab select the Template you want to set as your default. The Edit Template page appears, and you can tick the Set as Default Template checkbox in the Template Options panel, followed by Save over to the top right of the page. When you are emailing future invoices to your customers, this invoice template will become the default layout for invoices.

6. If you wish, tick Email Me a Copy.

MYOB will send a copy of the invoice to your email as well as to the customer.



TIP

If you have signed up to use OIP, you can also select Send SMS here — this way, your customer will also receive a link to their invoice via SMS direct to their phone, which will hopefully encourage them to pay immediately (via OIP). Chapter 7 talks more about using OIP.

7. Click the green Send Invoice button.

Move over, here comes eInvoicing

Electronic Invoicing or *eInvoicing* is a secure gateway that enables businesses to exchange invoices directly between different accounting software. The number one benefit (and why the government is encouraging its use) is the security of the transmission, which helps reduce invoice fraud.

Your MYOB file has the inbuilt capability to send and receive eInvoicing with any other business that is also using eInvoicing. The number of users in this network is growing steadily, and big businesses are leading the charge, as well as government agencies, as they see the huge benefits of transmitting invoices in this way.

If you want to explore this option and the benefits to your business, jump into your Sales Settings and go to the eInvoicing tab. Here, you can find out more by watching the short video, and you can register in just a few minutes if you decide to proceed. The only other change you need to make in your MYOB file is to ensure the ABN of all your customers has been added to their Contact card (eInvoices go straight to the recipient via their ABN directory and not their email address).



TIP

It may seem like early days for eInvoicing, but more and more businesses are starting to adopt this technology. Aside from improved security, other benefits include reduced admin costs, reduced human error and getting paid faster. For example, the federal government is committing to paying your invoice within five business days if you send it via eInvoicing. The ATO has many useful resources you can check out on eInvoicing, and in the not-too-distant future it may become the most common way to send invoices to your customers.

Creating and sending an eInvoice follows much the same process as emailing an invoice (refer to the preceding section). After you've registered for eInvoicing, the key difference is you will have an added button at the bottom of your invoice that says 'Send eInvoice', and the window that appears when you click this looks slightly different (see Figure 4-7), with no email address section, just the customer's ABN — though you still have the attachment box and template options.

Invoice details		
ABN	CUSTOMER	
13 58 83 56	Charlie Brown	
ISSUE DATE	INVOICE NO.	BALANCE DUE
15/04/20	3627	\$2,816.00

FIGURE 4-7: Emailing an eInvoice.



TIP

SEE WHO'S LOOKING

You may have noticed that at the very bottom of your invoice page is a section called Activity History (see figure). Think of it as a roadmap of how your invoice has travelled. It starts with Created and the creation date. Then the entry Sending appears after you've emailed the invoice to your customer (which then changes to Emailed), along with the email address you sent the invoice to and the date and time you sent the invoice. If you have the wrong email address, the invoice's activity will be stuck on Sending for a while, after which it eventually updates to Delivery Failed (this status also appears on the Activity column of your invoices list under the Sales menu).

The real magic is what follows — your Activity History shows you when your customer views the invoice, including the time as well as the date. It shows you every time your client looks at the invoice and if/when they download it. Neat, huh?

The Activity History is super useful when you're chasing unpaid invoices. You've no doubt heard the excuse, 'I don't seem to have received that invoice, can you resend it please?' (I know how tempting it is to myself!) Well, now you have the perfect comeback: 'Oh really? I can see on my system you have viewed it 12 times and downloaded it, so is there a problem?' Honestly, it's like having a crystal ball!

Chapter 7 talks more about chasing unpaid invoices and getting your hard-earned cash in the bank.

More information

Activity history		Payment received
Payment received	CR000373 Received \$770.00	03/05/20
Downloaded		03/05/20 5:38pm
Viewed		03/05/20 5:38pm
Viewed		03/05/20 5:34pm
Viewed		03/05/20 5:34pm
Downloaded		03/05/20 5:34pm
Emailed	To: accounts@	03/05/20 5:23pm
Created		02/05/20



TIP

The eInvoicing process has two other notable differences:

» **Activity:** The invoice Activity column on your invoices list will show as eInvoice Sent (instead of Emailed). When a customer receives your eInvoice and creates a bill on their side, the Activity changes to Accepted (meaning the customer has accepted your invoice, so all is well).

If a customer identifies an issue with a received invoice they can choose to reject it and send you a note explaining the issue — instantly, your Activity will change to Rejected. If you click into the invoice, the reason will have been added to the Activity History box at the bottom of the invoice for you to action so you can resend your invoice — very efficient.

» **In Tray:** If you are on the receiving end of an eInvoice, it appears automatically in your In Tray for you, reducing admin time and keeping your data extra secure. You can then quickly create the prefilled bill from your In Tray. Chapter 8 takes you through all the ins and outs of using the In Tray.

IN THIS CHAPTER

- » Understanding all the hullabaloo about bank feeds and rules
- » Tuning up your bank and getting MYOB to sing along
- » Adding new bank accounts and transferring funds between accounts
- » Conquering difficult situations without batting an eye
- » Using simple logic to get the job done
- » Keeping rules under control

Chapter 5

Changing the Game with Bank Feeds and Rules

Put simply, a *bank feed* is where your bank obligingly ‘feeds’ your MYOB file with a list of transaction details from your bank account. Think of it as an electronic copy of your bank transactions that comes directly into your MYOB file. You have minimal data entry to wrestle with — your job is to allocate these transactions to specific account codes, or match these transactions against entries already recorded in your file.

Bank rules provide bank feeds with the perfect dancing partner. The idea is that you set up rules so that MYOB automatically codes transactions to the correct accounts. So, for example, you can set up a rule so that any time the word ‘Telstra’ appears in your bank transactions, MYOB allocates this withdrawal to Telephone Expense automatically for you.

The whole process works a treat, and the combination of bank feeds and bank rules can cut data entry time by many hours, gaining efficiencies for you when it comes to accuracy and reconciling.



No other feature in MYOB is as game-changing as bank feeds — the impact they have on data processing is huge! Signing up for bank feeds is the number one thing you should do in MYOB. It may take a little getting used to but when you're off and running, you won't look back.

Unlocking the Mystery of How Bank Feeds and Rules Work

An example may be the best way to explain how bank feeds work. With this in mind, Figure 5-1 shares a typical bank feed with a few weeks' worth of bank transactions (which you can find by going to Banking → Bank Transactions).

Bank transactions						Import statement	
Bank account						<input type="checkbox"/> BANK FEED BALANCE <input type="checkbox"/> CALCULATED BALANCE <input type="checkbox"/> OLT OF BALANCE	
<input type="text" value="All"/> Reconcile						<input type="text" value="\$--"/> <input type="text" value="\$--"/> <input type="text" value="\$--"/>	
Status	Period	Date from	Date to	Search			
All transactions	Custom	01/05/20	30/06/20	<input type="text"/>	Reset		
0 transactions selected (max 50)							
<input type="checkbox"/>	Date	Account	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
<input type="checkbox"/>	23/06/20	NAB Busin...	OFFICE LEASE PAYMENT	1,120.00		Rental Expenses	GST
<input type="checkbox"/>	23/06/20	NAB Busin...	PAYMENT - AAMI INSURANCE	110.00		Insurance	GST
<input type="checkbox"/>	21/06/20	NAB Busin...	DEPOSIT - STOCK SALE QTY 30		2,000.00	Allocate me	
<input type="checkbox"/>	20/06/20	NAB Busin...	RENTAL INCOME - C BROWN		1,800.00	Allocate me	
<input type="checkbox"/>	20/06/20	NAB Busin...	PAYMENT PETER TAYLOR - SUBCONTRACTOR	350.00		Subcontractors	GST
<input type="checkbox"/>	18/06/20	NAB Busin...	OFFICEWORKS	280.00		Printing & Stationery	GST
<input type="checkbox"/>	18/06/20	Amex card	KMART ROSEVILLE	500.00		Allocate me	
<input type="checkbox"/>	16/06/20	NAB Busin...	WAGES K KNOG	2,100.00		Payroll Clearing Account	N-T
<input type="checkbox"/>	15/06/20	Amex card	MONTHLY PLAN FEE	15.50		Bank Charges	FRE
<input type="checkbox"/>	14/06/20	NAB Busin...	7-ELEVEN EPPING	56.32		Motor Vehicle Fuel	GST
<input type="checkbox"/>	14/06/20	Amex card	SHELL CHATSWOOD	36.98		Motor Vehicle Fuel	GST
<input type="checkbox"/>	13/06/20	NAB Busin...	CHEQUE 1923789	220.00		Telephone	GST
<input type="checkbox"/>	11/06/20	NAB Busin...	PAYMENT - WOOLWORTHS	55.00		Allocate me	
<input type="checkbox"/>	10/06/20	Amex card	BP ROSEVILLE	78.43		Motor Vehicle Fuel	GST
<input type="checkbox"/>	09/06/20	NAB Busin...	PAYMENT - MERC ELECTRICITY AND GAS	599.00		Matched to Supplier Payment 378	
<input type="checkbox"/>	08/06/20	NAB Busin...	EFTPAYMENT - CASEY STEVENS		2,836.00	Allocate me	
<input type="checkbox"/>	08/06/20	NAB Busin...	PAYMENT - AAA CLEANING SERVICE	51.00		Cleaning	GST
<input type="checkbox"/>	07/06/20	NAB Busin...	PAYMENT - TRINITY ADVERTISING	550.00		Advertising	GST
<input type="checkbox"/>	07/06/20	Amex card	INTERNET ONLINE BANKING TRANSACTION FEE	0.50		Bank Charges	FRE

FIGURE 5-1:
A typical bank feed for a bank account.

Can you see how the bank transactions are listed on the left and then, on the right, MYOB shows how some of these transactions have already been matched or allocated automatically? Here's what some of the options mean:

- » The automatically allocated transactions have a little wand next to them, which appears when MYOB has automatically allocated a transaction based on a rule.
- » The payment to Merc Electricity and Gas has been matched to an existing supplier payment (which was entered as a bill).
- » The transactions with Allocate Me appearing on the right side have yet to be allocated to an account code or matched against an outstanding invoice or bill.

Different businesses tend to use bank feeds in slightly different ways, depending on the size of the business and how they use MYOB in relation to bills and invoices. I talk about these different ways of working later in this chapter, under the heading 'Using Bank Feeds to Allocate and Match Transactions'.

Getting Hooked Up

Given that bank feeds are almost certainly going to save you a whole heap of time, I suggest you apply for this service as quickly as possible. MYOB is proud of having what it calls 'the best bank feeds in the market' and it's a fair claim — they are very accurate and timely, so you know you can rely on them. Read on to find out how to sign up to these miracle-working time-savers.

Connecting your bank feed

Signing up for a bank feed is easy-peasy. The only requirement is that you need to be the Owner of the file to do so (or to have Administrator as your user role and Online Admin as your user type — Chapter 1 covers user types in more detail if you need a reminder).

Here's how to get signed up:

- 1. Go to the Banking menu and select Manage Bank Feeds from the drop-down menu.**
- 2. Click Create Bank Feed.**

The Connect Your Bank or Credit Card page appears.

3. Choose your Account Type.

Are you setting up a normal bank account or a credit card? Select the correct option for your account.



TIP

If you are adding a loan account bank feed, select Bank Account.

4. Start typing the name of your bank in the Bank field to find and select your bank.

MYOB narrows down the list as you type. If you can't find your bank, be mindful of the abbreviations used by many financial institutions. If you get stuck, start with the first letter of your bank's name and scroll through the list provided until you find it.



TIP

If your bank doesn't offer bank feeds (check MYOB Help for a list of all available financial institutions to be sure), click My Bank Isn't Listed to access the option to import your bank feed manually. The later section 'Importing bank transactions into MYOB' explains how to import your bank feed manually (which may be something you need to do on a recurring basis until, hopefully, your bank offers the facility).

After you select your bank, the Application Method options appear.

5. Select your Application Method.

The two possible options are either online via internet banking, or by email/upload/post via an application form. Most banks now only offer online as an option, although some banks only accept a form (and some, if you're lucky, may provide a choice).

6. If you choose (or are required) to apply Online Via Bank/Internet Banking, you simply need to select this option, check the I Confirm That checkbox (checking that you are happy with what you are confirming), and click Next.

An eight-digit code is generated for you to link your bank feed through to MYOB in your internet banking. Click Copy to copy your code for later use and then click the green Go to Online Banking button, which takes you directly to your bank's internet banking login page.



TIP

Different banks have bank feeds living in different places, so you may want to Google your bank's name and 'bank feeds' to find the relevant instructions from here. Alternatively, MYOB provides guides for many different banks, which you can access by going to Banking → Manage Bank Feeds and then clicking Get Help on the bottom left, which takes you to the relevant help for the page you're on. Here, you can find direct links to these bank guides in the help section Setting Up Bank Feeds.

Connecting through internet banking has a much quicker turnaround time compared to filling in an application form, and your bank feeds usually start within two or three days.

- 7. If you choose (or are required) to apply using an application form, enter your bank details as requested. Click the 'I Confirm That' checkbox (checking that you're happy with what you're confirming) and click Next.**

The Finish Your Set-up window appears, where you can download an authority form, ready for you to check the prefilled data and sign (this needs to be signed by the bank account signatory). You can then either click Upload Authority Form to upload the signed form, or visit `apply.bankfeeds.myob.com` to upload your signed form.

On average, this process can take up to ten business days.

- 8. Repeat to connect other bank or credit card accounts.**

Have more than one bank account or credit card? No worries, just follow the preceding steps for each one. To create additional bank accounts in your Chart of Accounts, see 'Adding new bank accounts' later in this chapter.

- 9. Check the status of your bank feeds.**

If you're feeling impatient, you can check the progress of your applications. Jump back to Banking and Manage Bank Feeds, and you can view the status — for example, Awaiting Bank, Awaiting Application Form or Bank Feed Ready.

ARE YOU SIGNING AWAY YOUR LIFE?

I sometimes get asked about how safe the whole bank feeds shenanigans are. Is it okay that MYOB can 'see' your banking transactions? Can MYOB access your bank account? Is your private information secure?

MYOB has a secure relationship with hundreds of banks, and it is the banks that are passing the transaction data in read-only format to MYOB — after you have given your permission, of course.

In other words, MYOB can't do anything to manipulate your bank transaction data and, unlike some other accounting software, you never have to provide your banking logins and passwords in order to activate bank feeds. (And if you do get an email that looks like it's from MYOB asking for this information, it's a scam.)

So sleep easy. Signing up for bank feeds doesn't mean you're exposing yourself to unnecessary risk.

I do understand the concerns some people have around bank feed security, especially when online security is such a hot-button issue in this digital age. Read the nearby sidebar ‘Are you signing away your life?’ to put your mind at ease.

Activating your bank feeds

Once you receive an email notifying you that your bank feed is ready (or your status is saying Bank Feed Ready), you can activate your bank feed. Here’s how:

1. Go to Banking → Manage Bank Feeds.

The Manage Bank Feeds page appears.

2. In the Linked Account column for the bank feed, choose the matching bank account from your Chart of Accounts.

If you can’t see your bank account in this list, this could be for one of two reasons. First, the bank account may be set up incorrectly. Head to your Chart of Accounts, find the bank account and check that the Account Type is either Bank (for regular bank accounts) or Credit Card (for credit cards). The second reason could be that you haven’t created this account in MYOB yet. If that’s the case, skip ahead to ‘Adding new bank accounts’ later in this chapter.



WARNING

Be sure to link your bank feed to the correct account. If you accidentally pick the wrong account, all transactions up until this point will be pushed to this account, which can be very messy to fix.

3. Click Save to finish.

Yay, you are now ready to go and view your bank transactions!

Importing bank transactions into MYOB

If you’re new to MYOB, you may well find that you have lots of transactions appearing on your bank statement for the days, weeks or months before your bank feed went live. For example, maybe you opened your business in March, but applied for your bank feed in late April. Your bank feed will only include transaction details from May onwards, leaving you with several weeks’ worth of transactions to record.

Don’t worry. You can easily import your transaction history with just a few clicks.



TIP

Wait until your bank feeds start to come through to your file so you can see the exact date they start. You want to be mindful not to double up on any transactions when you import your transaction history.

Here's how to import the missing transactions:

1. Login to your internet banking and download your missing transactions as a .QIF or .OFX file.

Google may be your friend here, as each bank has its own way of accessing transactions and exporting them in different file formats (for example, for an ANZ account you might Google 'ANZ export QIF'). I haven't come across a bank yet that doesn't do this file type export but if .QIF doesn't work then try .OFX.



TIP

When you're selecting the date range to download, be very specific about the start date (usually the date you started your business, or started using MYOB), and your end date (usually the date prior to your bank feeds starting).

When you've established how to download the transactions, save the downloaded file to your desktop for easy access.

2. Go to the Banking menu, select Bank Transactions from the drop-down menu and click Import Statement in the top-right corner of the screen.

The Bank Statement Import History page appears.

3. Click Import Statement File.

The Import Statement File window appears.

4. Choose the correct Bank Account (from your Chart of Accounts) that you want to import your transactions into.

Ensure this bank account is the same account that you have linked your bank feed to so the imported transactions complete the account's history.

5. Click the Browse button and search for the missing transactions file you just downloaded and saved, then click the green Import button.

Abracadabra! Your transactions import to MYOB and look and feel exactly like a bank feed. Hopefully, if you selected your date range correctly, you should see no double-ups or missing transactions. You are now ready to start creating some rules and allocations.



WARNING

Transactions won't be imported if they're dated before the Opening Balance Date or before a Lock Date in your file. You can view these dates in your Business Settings (under the Settings drop-down menu).

There should be no reason why you would want to import transactions from before your Opening Balance Date. However, if you're adamant that this is the case, it may be your Opening Balance Date is incorrect. Speak with your accountant or bookkeeper for guidance on your next best steps.

If there is a Lock Date in place, consider why this Lock Date is in place, and the impact this date may have on reporting if you import prior period transactions. If you're sure you need to import transactions prior to this Lock Date, go to your Business Settings, untick the Lock Date checkbox and press Save. Once you have imported the transactions you need, you can go back to your Business Settings and reset the Lock Date if required.

If you only need to import a few transactions for the missing period (maybe less than ten) and going to the trouble of importing these transactions doesn't feel worth it, you can still catch up manually:

- » For all withdrawals other than employee pays, go to Spend Money in the Banking menu. Chapter 6 explains more about the Spend Money feature.
- » For all supplier payments, assuming you've recorded opening balances for the amounts you owe to your suppliers as well as all recent supplier bills, go to Create Supplier Payment under your Purchases menu. Chapter 8 explains more about making payments.
- » For all employee pays, go to Create Pay Run in the Payroll menu. Chapter 11 explains more about this process.
- » For all customer payments, assuming you've recorded opening balances for the amounts customers owe you as well as all recent customer invoices, go to Create Invoice Payment under your Sales menu. Chapter 7 explains more about receiving payments.
- » For all deposits that aren't related to customer payments, go to Receive Money under the Banking menu (Chapter 7 explains more on this).

After you catch up to the date where your bank feeds went live, you can change the way you record transactions, taking advantage of bank feeds rather than recording transactions manually.

Using Bank Feeds to Allocate and Match Transactions

In this section, I assume you've already activated your bank feeds (if not, refer to the earlier section 'Getting Hooked Up'). Your bank feeds are typically delivered into your MYOB file every day with transactions from the day before.



TIP

A handful of banks only provide bank feeds monthly rather than daily, so don't panic straight away if you think your bank feeds aren't working. MYOB has a Bank Feeds page (myob.com/au/accounting-software/bank-feeds/feeds) that confirms the feed frequency for all Australian banks so you can check the frequency and (hopefully!) relieve your concerns.



REMEMBER

Allocating transactions directly from a bank feed takes care of nearly all the data entry involved with a transaction. If you enter a transaction manually (perhaps via Spend Money) you need to key all the data in, such as the date, amount and any relevant notes — which not only costs you time but also increases the likelihood of errors. With bank feeds, the only data entry error you may make is choosing the incorrect account code — and you can minimise this risk by using automated transaction rules (for more on bank rules, turn to the later section 'Learning the Rules of the Game').

You also reap the benefits from using bank feeds when you come to reconcile your accounts as the dates and amounts arrive directly from your bank, which eliminates the risk of you accidentally typing incorrect information. The efficiency and accuracy that comes with bank feeds is very much worth investing your time to understand them fully.

In the following sections, I explore how to allocate and match bank feed transactions.

Understanding the aim of the game

In the same way as the aim of Gin Rummy involves getting rid of all your cards, the aim when working in MYOB is to get rid of all unallocated transactions being delivered into MYOB from your bank feeds. At the point when you go to your Bank Transactions page and have no unallocated transactions appear, you're winning!

Time to get to know your Bank Transactions screen (Banking → Bank Transactions) and look at some of the filters you can use to make working with bank feeds easy as pie (see Figure 5-2):

- » **Bank Account:** You can select All for all bank accounts, or filter by individual account bank feeds using the drop-down menu. If you have more than one bank account, the best way to begin is to select one bank account at a time until you've reviewed all transactions for each one. However, the All option is great when you're double-checking your work or generating reports, as it's the quickest way to check you have no unallocated transactions.

Bank transactions Import statement

Bank account: AB Reconcile

BANK FEED BALANCE
 CALCULATED BALANCE
 OUT OF BALANCE

Status: Unallocated
 Period: Custom
 Date from: 01/06/20
 Date to: 30/06/20
 Search:
 Reset

0 transactions selected (max 50)

Date	Account	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
27/06/20	NAB Busin...	SHELL BANKSTOWN	36.98		Allocate me	
21/06/20	NAB Busin...	DEPOSIT - STOCK SALE QTY 30		2,000.00	Allocate me	
20/05/20	NAB Busin...	RENTAL INCOME - C BROWN		1,800.00	Allocate me	
18/06/20	Amex card	KMART ROSEVILLE	500.00		Allocate me	
11/06/20	NAB Busin...	PAYMENT - WOOLWORTHS	55.00		Allocate me	
08/06/20	NAB Busin...	EFTPAYMENT- CASEY STEVENS		2,836.00	Allocate me	
04/06/20	NAB Busin...	CALTEX COLLINGWOOD	38.00		Allocate me	
03/06/20	NAB Busin...	DEPOSIT - CINDY CHARMING		4,295.00	Allocate me	
02/06/20	NAB Busin...	PAYMENT - VODAFONE MTHLY BILL	45.00		Allocate me	
01/06/20	NAB Busin...	BANKING TRANSACTION FEE	0.50		Allocate me	

FIGURE 5-2:
The Bank Transactions page.



TIP

» **Status:** You can filter by All Transactions, Allocated or Unallocated. When you first start using bank feeds, choosing All may work best as it should feel familiar and show an exact copy of your bank statement, so you can work through the transactions one at a time — creating rules, allocating accounts or matching transactions. After you get a little more comfortable, you can set the Status to display Unallocated transactions — these are the transactions that require your attention, and you'll have fewer transactions to scroll through.

When you filter to select Unallocated transactions, the transactions you code will remain on screen until you refresh the page or move to another menu and come back.

» **Period and Date From/Date To:** Either choose a pre-set time period from the Period drop-down menu (common accounting periods) or, if you're just getting started, widen the date range (using the Date From and Date To fields) to select all transactions from your Opening Balance Date until the present day. When you're all caught up and have got the hang of using bank feeds, selecting the Period of Last 3 Months is a good option here. If you're working on your BAS then you may like to choose the BAS period to focus on until all your transactions have been allocated.



TIP

MYOB will remember the last date range you entered until you change it. So, if you enter today's date to work through some up-to-date transactions, when you come back tomorrow you'll need to change the date again to see the latest transactions — which can soon become frustrating. If you're working in your file most days and you don't want to keep messing with the dates, set your Date To as 1 July 2099, far off in the future, so that new transactions appear every day, without any hassles.

» **Search:** You can look for anything in the Search field that appears on the Bank Transactions page (apart from a date), be it a description, amount or allocated account. You know the scenario, 'I think the customer paid me twice as I already allocated that payment'? To check you're right and solve the issue, simply search for the amount. So long as the Status and Date settings are correct, you'll have your answer quick smart if you see two identical transactions but with different dates.

Allocating new transactions

Now, it's time for the fun to begin. You have your bank feeds rolling in, so where to start?

In a nutshell, your business has both income and expense transactions, and your job is to allocate each of these transaction types to the different account codes in your Chart of Accounts. This gives your business reporting meaning and purpose. Some allocations are clear as day (such as Telstra expenses going to Telephone and Officeworks going to Stationery), while others may be ambiguous (for example, should your monthly payment to MYOB go to Accounting Fees, Subscriptions or even Software Expense?).



TIP

To overcome this ambiguity, chat to your bookkeeper or accountant about the type of business expenses you can claim for your industry and business. For example, if you work from home, do you know how much electricity you can claim — and if you want to claim for petrol, do you need to keep a logbook? Sure, you can just go allocate what you think 'til the cows come home, but if you're not careful your accountant may re-allocate your accounts to tidy things up at tax time, leaving you with an unexpected GST bill if you've overclaimed during the year. Always ensure you understand your business expenses before you get click-happy with your allocations!

Allocating an account to a transaction is simple to do. You can either allocate transactions to a single account or allocate transactions to more than one account.

To allocate a transaction to a single account:

- 1. From the Bank Transactions page, in the Match or Allocate column, click Allocate Me.**
- 2. Start typing the name of the account you think it should go to (if you know it).**

For example, for Telstra, start typing Tele . . . and the relevant Telephone account from your Chart of Accounts should pop up.

3. Click to select the required account and you're done.

If you're unsure what account to select, click the drop-down arrow to the right side of the Allocate Me field you are working in and scroll through the list of accounts to find the best fit.



TIP

If the account you need is not currently part of your Chart of Accounts, you can create a new account on the go here. When you click the drop-down arrow on the Allocate Me field, at the very top you will see Create Account. Click this and a new Create Account window opens. Turn to Chapter 2 for more on creating new accounts.

To allocate a transaction to more than one account:

1. Click the drop-down arrow to the right side of the transaction to expand the allocation.

The transaction expands and you are taken to the Allocate tab.

2. Create separate line transactions to allocate the overall transaction.

For example, Figure 5-3 shows a Coles receipt where some items are for staff amenities and others relate to cleaning. You can add as many lines here as you like to allocate the transaction, as well as add item descriptions, and you can separate items that attract GST from ones that don't. For example, in Figure 5-3 the milk purchase has the Tax Code FRE.

The screenshot shows the 'Allocate me' window for a transaction of 210.00. The transaction is categorized as 'PAYMENT - COLES SUPERMARKET'. The interface includes a table for allocating the transaction to different accounts. The table has columns for Account, Amount (\$), Amount (%), Quantity, Line description, Job, Tax code, and Tax (\$). The total allocated amount is \$210.00 (100.00%) and the unallocated amount is \$0.00 (0.00%).

Account *	Amount (\$) *	Amount (%) *	Quantity	Line description	Job	Tax code *	Tax (\$)
6-4999 Staff Amenities	8.00	3.81		Milk		FRE	0.00
6-4999 Staff Amenities	64.00	30.48		Biscuits		GST	5.82
6-1201 Cleaning	138.00	65.71		Office cleaning products		GST	12.54

Total allocated: \$210.00 (100.00%)
Unallocated: \$0.00 (0.00%)

FIGURE 5-3:
A familiar allocation breakdown.

3. Click the green Save button to save your allocated transaction.

After you've saved, the Bank Transaction page shows the transaction is Split Across Accounts in the Match or Allocate column.

MAKING BANK TRANSACTION DESCRIPTIONS FIT FOR PURPOSE

Sometimes, when allocating transactions or reviewing a client's file at the end of the financial year, I find the transaction descriptions leave me clueless as to what the transactions relate to. (If I had a dollar for every time I've asked a client about a payment and received a mystified reply in return, I'd be sipping mojitos by the pool on some exotic island by now!)

To make everyone's life easier (including your own), give internet banking transactions the time and respect they deserve by adding meaningful information in the message or description field. Add the name of who you are paying as a minimum, plus the invoice number if you can (each bank is different as to how much space you have to record descriptions).

It may also help to describe your transactions from the perspective of making your bank rules work effectively, such as using the word 'wages' when paying employees, along with their names. Then, you don't have to create lots of rules for each different employee, but just one using the key word 'wages'.

If you forget to add an adequate description when processing an internet banking transaction, you can still edit descriptions when the transaction comes through on your bank feed. Go to Banking → Bank Transactions, hover over the end of the current text in the Bank Statement Description column and you will see a little purple pen icon appear. Click this pen to edit the description.

When you've finished editing the description, the text turns purple, which lets other people in your organisation know the entry has been edited (nowhere to hide here!). You can still remind yourself of what the original entry said by hovering over the purple text — the original text appears.

My favourite thing about this feature is that you can make the transaction more meaningful for you, your bookkeeper and your accountant — plus, the added narration pulls through to your reporting! You can also leave notes for others working in the file with you to maximise your collaboration and save you all time.

Uploading receipts or invoices

Whenever you record an expense, or match a payment to a bill, you have the opportunity to upload a source document (such as the original bill or receipt) to the bank feed transaction.

To do this, first expand the transaction by clicking the drop-down arrow on the far right. Next, click **Link From In Tray** to attach the relevant documents. If you have already saved documents on your computer, you can upload via the **Attach Files** option.

For more about the In Tray feature, skip ahead to Chapter 8.

Matching versus allocating transactions

Sometimes you need to match transactions, rather than allocate them. Often, MYOB will alert you to match a transaction by displaying the words **Possible Match Found** if it finds an invoice or bill for the exact same amount, as shown in Figure 5-4.

You may end up matching (versus allocating) transactions in six different scenarios:



TIP

- » Customer payments need to be matched against customer invoices. See Chapter 7 for details.

Be super careful to *match* any customer payments, rather than allocating payments to an income account. (If you did allocate a customer payment to an income account, rather than matching it against an invoice, the invoice would still show as outstanding, and you would end up double-counting both income and GST.)

- » Alternatively, if you record customer payments on the spot as they're received (maybe you need to issue receipts), you'll match the customer payment in your bank feed against the customer payment you already recorded from the Sales menu. Again, see Chapter 7.

- » Assuming you complete pay runs using MYOB and your linked account is set to the bank account (rather than a clearing account), then employee pays need to be matched against the pay runs you recorded using the Payroll menu. Chapters 11 and 12 talk about employee pays.

- » Supplier payments need to be matched against supplier bills. See Chapter 8 for details.



TIP

Be super careful to match any supplier payments, rather than allocating payments to an expense account.

- » If you pay suppliers electronically and you use MYOB to create a payment file that you import into your internet banking (see Chapter 14 for details), this batch payment needs to be matched against the payment you already recorded.

- » If you are transferring funds from one bank account to another, you will need to either match the payment or record this as a bank transfer. See 'Transferring money from one account to another' for details.

FIGURE 5-4: MYOB often displays an alert to match, rather than allocate, transactions.

The screenshot shows the 'Bank transactions' interface in MYOB. It includes a 'Bank account' dropdown set to 'All', a 'Reconcile' button, and balance indicators for 'BANK FEED BALANCE', 'CALCULATED BALANCE', and 'OUT OF BALANCE'. Below these are filters for 'Status' (All transactions), 'Period' (Custom), 'Date From' (01/06/20), and 'Date to' (30/06/20). A search bar and a 'Reset' button are also present. The main table displays 0 transactions selected (max 50) with columns for Date, Account, Bank statement description, Withdrawal (\$), Deposit (\$), Match or allocate, and Tax. Several transactions have match alerts: 'Possible invoice match found', 'Possible bill match found', and 'Bank Charges'.

Date	Account	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
20/06/20	NAB Busin...	RENTAL INCOME - C BROWN		1,800.00	Possible invoice match found	
20/06/20	NAB Busin...	PAYMENT PETER TAYLOR - SUBCONTRACTOR	350.00		Possible bill match found	
18/06/20	NAB Busin...	OFFICEWORKS	280.00		Printing & Stationery	GST
18/06/20	Amex card	KMART ROSEVILLE	500.00		Office Supplies	GST
16/06/20	NAB Busin...	WAGES K KNOG		2,100.00	Payroll Closing Account	N-T
15/06/20	Amex card	MONTHLY PLAN FEE	15.50		Bank Charges	FRE
14/06/20	NAB Busin...	7-ELEVEN EPPING	56.32		Motor Vehicle Fuel	GST

Managing Your Bank Accounts

One of the secrets of good bookkeeping is to keep track of every single business bank account. In other words, don't just record transactions for your main business account, but do so for business-related savings accounts, credit card accounts, PayPal accounts, loans and so on.

In the next couple of pages, I explain how to set up multiple bank accounts in MYOB, and how to record the transfer of funds from one account to another.

Adding new bank accounts

Here's how to add additional bank accounts to MYOB:

- 1. Go to Accounting → Chart of Accounts.**
Your Chart of Accounts appears.
- 2. If a bank account is missing, work out a suitable number for this account and click Create Account.**

If you're creating a new bank account at this point, ask yourself where you want the account to appear in the list. Think of a suitable number that fits well alongside the others.



TIP

If you're going to use this bank account more than any other, give it the lowest number possible. That way, this account appears highest in your Chart of Accounts (the first bank account listed also becomes the default account that appears in your transactions).

3. Choose the Account Type and Parent Header (this determines where the account will sit in your chart).



REMEMBER

This bit is important so listen up. For regular bank accounts, select Bank as the Account Type, and select Bank Accounts as the Parent Header. (If you can't see a Parent Header with this name, you may wish to create one, so that you can group your bank accounts together — refer to Chapter 2 for more info.) For credit cards or loan accounts, simply select Credit Card as the Account Type. (It may seem weird selecting Credit Card as the Account Type for loan accounts, but it's the only setting that works if you want to later link this loan account to a bank feed.)

4. Enter the Account Number, Account Name and select N-T as the tax code.

Enter the Account Number, press the Tab key with determination, and then type the Account Name — for example, 'Westpac Savings Account 1234'.



TIP

It's good practice to add the last four digits of the bank account number to the account name so you can easily identify the account at a glance.

5. Click the Save button.

6. If this new bank account is going to be your main trading account, review your linked bank account settings.

To do this, go to the Accounting menu, select Manage Linked Accounts, click each of the four Linked Accounts tabs and make the changes as required.

7. If you've already set up bank feeds with your bank, activate these now.

Refer to 'Activating your bank feeds' earlier in this chapter.



TIP

MAKING ELECTRONIC PAYMENTS

Most newcomers to MYOB start out by making payments as they normally would — by cash, internet transfer or credit card — and then recording these payments in MYOB afterwards, either manually or by adding transactions direct from bank feeds. This method works fine, but as your business grows and you find you process lots of supplier or employee payments, I recommend you use MYOB as your starting point instead. Begin by recording the payment in your company file first, then create an ABA (Australian Banking Association) file to upload the payment data to your internet banking for quick and easy multiple payments.

Chapter 14 talks much more about recording electronic payments in this way.

Transferring money from one account to another

If a transaction on your bank feed represents a transfer between two of your bank accounts (for example, you transferred money from your Savings Account to your Visa Card), MYOB will usually identify the matching transfer automatically. All you have to do is match the two halves of the transfer together (the withdrawal transaction from one account and the deposit transaction in another).



WARNING

If you use bank feeds, it's super important to use the Transfer feature in MYOB, as explained below. If instead you allocate the Savings Account withdrawal directly to your credit card, and then allocate the credit card payment to your Savings Account, you'll end up with duplicate transactions on both sides.

So here's what to do:

- 1. Go to Banking → Bank Transactions, and select one of the two bank accounts from which the transfer occurred.**

One tip is to always start by recording transactions from the bank account 'highest up' in your Chart of Accounts, and then move to accounts below this. That way you can be confident when you arrive at an account that's lower down on your list, such as a credit card, that any transfers should already have been recorded.

- 2. Click the drop-down arrow to the far right of the transfer transaction.**

The transaction detail appears.

- 3. Click the Transfer Money tab.**

In the perfect world, MYOB automatically matches this transfer to the corresponding transaction. For example, if you're recording a withdrawal from your Cheque Account into your Savings Account, this withdrawal will be matched against the deposit that should already be sitting in your Savings account.

- 4. Select the matching transfer shown, as per Figure 5-5.**

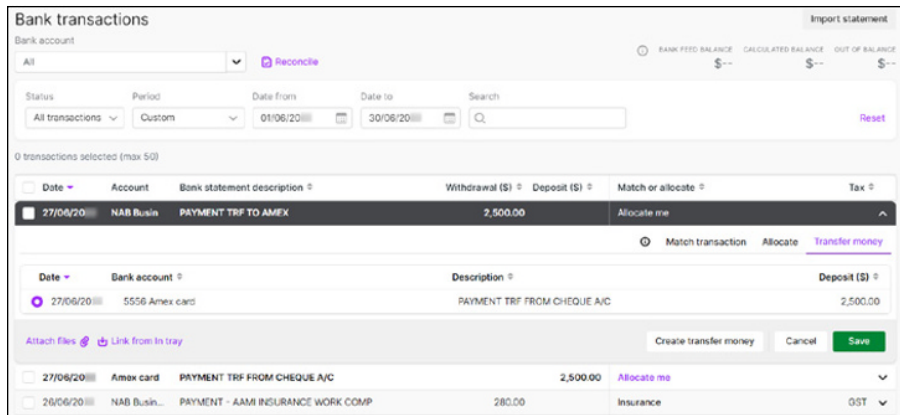
If you have many possible transfers to choose between, take care to find the correct match.

If no transaction is found, see 'Transferring funds when there's no match' later in this chapter for troubleshooting tips.

- 5. Click Save.**

All done! Both transactions are now allocated — if you refresh the page, you can see transfer has been applied to both transactions.

FIGURE 5-5:
A matching
transfer on the
Transfer
Money tab.



Transferring funds when there's no match

What happens if you go to record a Transfer Money transaction but there's no match? Here are four reasons why this might happen, along with what to do in each scenario:

- » **If you're transferring funds to a personal bank account:** Assuming this bank account isn't set up in MYOB (and there's no good reason why it should be), then you simply allocate this transfer to your Personal Drawings or Director's Loan account.
- » **If you're transferring funds to a bank account that doesn't have a bank feed set up:** Go to the Transfer Money tab, click Create a Transfer Money link, and record the transfer manually to the required bank account. (And once you've done this, do set up bank feeds to the renegade bank account!)
- » **If you wrongly allocated another transfer, thereby hiding the transaction you need to match:** In this scenario, return and check the transactions for that day in the other bank account, and if necessary, unmatch the offending transaction and start again.
- » **If bank feeds haven't yet come through for the other bank account:** Simply wait a day or so until the bank feeds for the other account come through.



TIP

If you're not using bank feeds, a good method is to create a new account in your Chart of Accounts called Transfers Clearing Account (create this account as an Asset account with Bank as the account type). Manually enter each of the bank statement transfers (via Spend Money or Receive Money), allocating these transactions to this new account. Hopefully this account will come to a \$0.00 balance by the end of each quarter (though do check this balance regularly). By following this approach, you also avoid double-entry of transactions in your bank reconciliation.

BALANCING YOUR BANK ACCOUNTS

A big part of 'Bookkeeping 101' is reconciling your bank accounts so you ensure nothing has been missed. A common misconception is that if you have bank feeds you don't need to reconcile, but this just isn't true. Sure, if you have bank feeds your account is pretty much *ready* to reconcile, but you should still check your bank account balance against your actual bank statement balance.

You can do this either by clicking Reconcile from the Bank Transactions screen (Banking → Bank Transactions) or by going to Banking → Reconcile Accounts.

Once you allocate, match or transfer a transaction from the bank feed, this transaction is automatically ticked off when you go to reconcile the account. If you used to reconcile bank accounts 'the old way' in earlier versions of MYOB software, you'll find that marking off transactions in this way makes the reconciliation process much quicker and simpler. For more about reconciling bank accounts, make your way to Chapter 9.

Dealing with Tricky Situations

I know when I first started using MYOB I was fortunate to have had Veechi Curtis's earlier editions of *MYOB For Dummies* to hand, and as I started to put my learnings to work I would always refer back to the book when I was stuck, in trouble or had messed something up.

With this (and all readers who've hit a wall and got stuck) in mind, it's time to share all the things that can go wrong with adding and matching transactions, along with practical solutions for what to do next.

Transactions that don't match when they should

What happens if you're allocating bank transactions from your bank feed, and you know there should be a match for a particular transaction, but you can't find where this match has gone?

Here are some common problems, along with suggested solutions:

- » **You receive lots of EFTPOS payments from customers each day and yet the bank feed only shows a daily total as just one deposit.** Under the Match Transaction tab, be sure to select All Transactions under the Show

filter. All your customer invoices will be listed, and you can then tick the checkbox to the left for all the corresponding customers that the one deposit matches to. See Chapter 7 for more details.

- » **Your customer has underpaid/overpaid, or you have overpaid or underpaid your supplier.** See Chapter 7 for more about processing customer payments, and Chapter 8 for more about managing supplier payments.
- » **You use several credit cards associated with a single primary credit card account but only the secondary account appears on the bank feed.** Cancel the bank feed and re-apply, this time ensuring you use the primary credit card number on the application. (Bank feeds can only be associated with a single credit card account.)
- » **You use online banking to pay several different suppliers at once and these payments appear on your bank feed as a single withdrawal.** The solution is to use Prepare Electronic Payments to group payments together. Chapter 14 explains how to work in this way.
- » **You have unmatched payroll transactions.** One of the tricks to matching payroll transactions from bank feeds is setting up your linked accounts correctly so payroll transactions come out of a Payroll Clearing account. Skip ahead to Chapter 11 for more on this topic.

EACH TO THEIR OWN

I guess it's part of human nature to believe that the way you choose to do things is the best way. However, with MYOB, there is no 'best way' to work.

For example, one client who just opened a new café lives from day to day in a whirl of activity. Suppliers get paid on a rather ad hoc basis using internet banking, and she never has to enter bills into MYOB as she pays them as they come in. Bank feeds have transformed the way she does her books. With the exception of payroll, she uses bank feeds as the starting point to add all business transactions and has configured rules so that most transactions are added automatically.

On the other hand, another client with a medium-sized manufacturing business creates invoices for customers and most suppliers are paid on 30-day accounts. He relies on the receivables and payables reports to manage cashflow, and to plan and budget as his business grows. He needs to use his MYOB in a more rigorous manner, with purchase orders, supplier bills, electronic payments, payroll and so on. This client uses bank feeds primarily to confirm and match amounts for transactions that have already been recorded way earlier than payment is actually received or paid.

Deleting or changing bank feed transactions

Unfortunately, if a transaction has come through on a bank feed, MYOB won't let you delete it. Mostly, I believe this is a good thing because as a bookkeeper, I rely on the integrity of bank feeds and trust them 99 per cent of the time. However, on several occasions I've legitimately needed to get rid of a bank feed transaction: Maybe I've imported a bank statement incorrectly, or maybe I've discovered that the bank has an error in its feed.

What do you do when you really do need to get rid of a transaction line? Here are some tricks of the trade:

» **If you've imported bank transactions and got the dates wrong, resulting in one or two duplicate transactions:** The trick here is simply to allocate the duplicate transactions to the same bank account the bank feed is coming from. This way, when you reconcile the account, the debits and credit offset each other so you see a nil overall effect. Quick, easy and works a treat!

» **If you've imported bank transactions and got the dates wrong, resulting in heaps of duplicate transactions:** If you have lots of duplicate transactions, you can delete the whole imported statement. From the Bank Transactions window, click Import Statement, scroll down to find the statement you imported, and click the **x** to delete it. Do be careful, however, as this will delete every single transaction imported on this statement, including any transactions that you've already allocated.

When you've deleted the imported statement, you can start again by importing the new bank transactions — with the correct dates this time.

» **If the bank has imported a duplicate transaction on a bank feed:** First, reconcile this bank account so you're absolutely sure there was an error in the bank feed, as such errors in bank feeds are rare (see Chapter 9 for more on reconciliations). After reconciling, if you're still sure you want to get rid of a transaction, simply allocate this transaction to the same bank account as the bank feed is coming from. The debit and credit will cancel each other out, and the transaction will be hidden from sight once both transactions are reconciled.

Note: If you're using AccountRight, you can get around the above issues by hiding transactions. Simply right-click the offending transaction and select Hide Transaction. Just like magic, it disappears from view. (At the time of writing, the ability to hide transactions is only available to AccountRight users, and not to MYOB Business users.)

THE RAPID DECLINE OF CHEQUES

Do you still occasionally write cheques to suppliers? If so, remember that you don't need to wait for the supplier to present the cheque in order for you to record the payment. Instead, you can record the cheque either using Spend Money (under Banking) or Create Supplier Payment (under Purchases), depending on whether you've recorded the supplier purchase in MYOB or not. Later, when the cheque appears in your bank feed, you can match it to the transaction you've already created.

I recommend you record cheques as soon as you post them to suppliers. This way, the balance of your bank account in MYOB more accurately reflects the funds you have available, and your Profit and Loss report stays up to date.

Having said all this, if you are still writing cheques, I recommend you consider shifting entirely to electronic payments. Not only are cheques time-consuming and expensive for you, but these days they are also usually an irritation for the person who receives them.

Fun fact, over the last ten years, cheque use in Australia has dropped by 83 per cent — no surprise there!



WARNING

When it comes to *changing* bank feed transactions, you will find that once a bank feed transaction has been allocated, you can edit both the date and amount from the Find Transactions page (currently there is no warning you are changing a bank feed transaction). However, if you do either or both of these things, MYOB will a) return the original transaction to the Bank Transactions page, b) create a duplicate transaction with the new date or amount details and c) will unreconcile the transaction (if it had been reconciled, that is). The duplication of the transaction in particular can create enormous confusion, and so is best avoided.

Learning the Rules of the Game

As I explain at the beginning of this chapter, the idea of creating rules is to get MYOB to allocate transactions automatically based on the description (and/or the amount) that appears in the bank feed.

When you are on the Bank Transactions page (Banking → Bank Transactions), you'll see that you can create different types of rules when you expand a transaction. Use a Bill Rule for payments to suppliers where you've already recorded a bill in MYOB; use a Spend Money Rule for all other supplier payments as well as direct debits, bank fees or credit card expenses; use an Invoice Rule for payments from

customers where you've already recorded an invoice in MYOB; and use a Receive Money Rule for bank interest, or deposits that aren't related to customer payments.

Creating the perfect rules

To add a new rule based on your bank transaction information, here's what to do:

1. **Go to Banking → Bank transactions, and click the drop-down arrow to the right of any transaction to expand it.**

At the bottom right of this expanded transaction (regardless of the tab you are on), click Create Rule.

The Create Bank Feed Rule window appears (Figure 5-6).

Create bank feed rule

Date	Bank account	Bank statement description	Withdrawal (\$)
18/06/2018	101A NAB Business 2925	OFFICEWORKS	\$280.00

Rule details

Transaction type *
Spend money transaction

Rule name
OFFICEWORKS

Rule type *
Automated rule

Inactive rule

This rule applies to
 All bank accounts
 One bank account

When money received on the bank statement matches these conditions

Description Contains OFFICEWORKS

OR

[Add condition](#)

Create transaction with this information

Contact
Officeworks Report to ATO via TPAR

Description of transaction

Allocate by
 Percent
 Amount

Account *	Percent (%) *	Job	Tax code
6-4100 Printing & Stationery	100.00		GST

Remaining 0.00%

Cancel Save

FIGURE 5-6: Creating a new transaction rule seems easy, but take care with the detail.

2. Choose your Transaction Type (Spend Money, for this example).

For withdrawals, you need to choose between Spend Money Transaction or Bill. For deposits, choose between Receive Money Transaction or Invoice.

3. Give the rule a name that's short and sweet.

MYOB defaults to using the whole description that was on the bank feed as the Rule Name. However, you want something that is easy to identify when you have a list of 50 rules and you need to edit a particular one. So, pick a name that means something to you.

4. Choose your Rule Type.

The Rule Type defaults to Automated Rule, which is what you need in almost all situations. The other option is Allocation Template, which I cover in the later section 'Creating allocation templates'.

5. Choose whether to apply to All Accounts or one account only.

Unless you have a good reason not to, set rules so they run on all accounts. (Otherwise, you have to create a different set of rules for each bank account, which is unnecessarily painful.)

A possible exception could be if your business has multiple locations or cost centres with corresponding bank accounts for each one. If you're reporting on each cost centre separately, then different rules would make sense.

6. Choose between Description or Amount as your rule condition.

Almost every time you will use Description for your rule conditions.

7. Specify what word(s) or phrase is going to trigger this rule.

I suggest you pick one unique word and delete the rest of the description (again, MYOB defaults to the whole description from the bank feed). For example, if your bank description says 'Officeworks 0621 Subiaco', streamline the rule so it is triggered simply by the word 'Officeworks'.

If one word won't be enough to make it unique then add a second word. For example, if you get fuel at Coles Express, Coles by itself won't really work as you may also get milk and coffee at Coles. By adding 'Express' you can easily allocate your fuel spend to your motor vehicle fuel account. (Incidentally, the text isn't case-sensitive so 'coles' would also work.)

8. Optional: Click OR to add any other words that this rule might apply to.

Make use of the OR function when you have many key words that can be allocated to the same account. For example, if you make regular donations to the Red Cross, you could set up a rule called Red Cross that codes these transactions automatically to Donations. Alternatively however, you could set up a rule that's simply called Donations, and which is triggered by the words

'Red Cross' or 'World Vision' or 'Oxfam', and so on. Simply type each word next to the OR field to add multiple conditions.

Grouping transactions under broad rules in this way makes your rules list more manageable, and is useful for recording fuel purchases, stationery purchases, staff amenities or any other expense where the supplier name varies.

Figure 5-7 shows how helpful the OR feature can be, using the example of fuel purchases (Shell OR Ampol OR Caltex).

Create bank feed rule

Date	Bank account	Bank statement description	Withdrawal (\$)
27/06/2011	101A NAB Business 2925	SHELL BANKSTOWN	\$36.98

Rule details

Transaction type *
Spend money transaction

Rule name
FUEL

Rule type *
Automated rule

Inactive rule

This rule applies to
 All bank accounts
 One bank account

When money received on the bank statement matches these conditions

Description Contains SHELL
OR AMPOL
OR CALTEX
Add condition

Create transaction with this information

Contact

Description of transaction

Allocate by
 Percent
 Amount

Account *	Percent (%) *	Job	Tax code
6-4001 Motor Vehicle Fuel	80.00		GST
3-1000 Drawings	20.00		N-T

Remaining 0.00%

Cancel Save

FIGURE 5-7: Creating a new transaction rule using the OR feature.



TIP

9. Optional: If you need to, make the rule conditions more specific by clicking Add Condition.

For example, perhaps you have one rule that allocates transactions to Telephone Expense if the word 'Telstra' is in the Description, but you have a

second rule that has an added condition that says to allocate the transaction to 'Internet Expense' if the word Bigpond also exists.

Using rules and conditions takes a bit of getting used to, but they may prove invaluable if you have similar transactions and you find your rules aren't quite working every time — maybe you simply need to add a condition.



TIP

10. Optional: Select a Contact or add a further description.

Selecting a Contact enables you to flag this contact for TPAR reporting. If this doesn't apply to you, you can skip this field.

I discuss TPAR in Chapter 8.

Adding a further transaction description here can also help if you don't feel the rule name or condition is self-explanatory. This description can be pulled through to your general ledger reporting if you customise your reports to include this detail. For more on customised reporting, turn to Chapter 14.

11. Select the allocation account or accounts by percentage or amount, as well as the Tax Code.

Most of the time, 100 per cent of the value of a transaction will go to a single account. However, you do have the option here to split by either a percentage or dollar amount. For example, if you're creating a rule for Telstra, chances are you'll select Telephone Expense as the account here. However, you may wish to split the transaction rule across multiple accounts by allocating a home office telephone bill to 80 per cent business, and 20 per cent personal.

Figure 5-8 also shows an 80/20 percentage split with regard to fuel use.

By getting these allocation details correct by using rules, you reduce the risk of overclaiming GST. Your accountant can guide you here if you need to split allocations for bills such as motor vehicle expenses and telecommunications.

12. Click Save.

Yay, you've done it! The next step is to see whether you can create rules for customer or supplier payments. Read on, dear friend . . .

Looking at rules for invoices or bills

You may wonder whether it's worth creating rules for customer and supplier payments. Such rules only save a little bit of time because even when MYOB offers a possible match, you still need to allocate each transaction to the correct invoice or bill. However, customer and supplier payment rules help by filtering the match list so only the correct customer or supplier displays, making data entry just a tad quicker.

Create bank feed rule

Date	Bank account	Bank statement description	Withdrawal (\$)
27/06/20	101A NAB Business 2925	SHELL BANKSTOWN	\$36.98

Rule details

Transaction type*

Rule name

Rule type*

Inactive rule

This rule applies to
 All bank accounts
 One bank account

When money received on the bank statement matches these conditions

OR

OR

OR

[Add condition](#)

Create transaction with this information

Contact

Description of transaction

Allocate by
 Percent
 Amount

Account*	Percent (%)	Job	Tax code
6-4001 Motor Vehicle Fuel	80.00		GST
3-1000 Drawings	20.00		N-T
			Remaining 0.00%

FIGURE 5-8:
 Create a bank rule with a split allocation by percentage split.

Anyway, here's how to create Bill or Invoice rules for customer or supplier payments:

- 1. Go to Banking → Bank Transactions, find the payment transaction you want to create a rule for and click the drop-down arrow to the right of the transaction.**
- 2. Click Create Rule at the bottom right.**
- 3. Under the Transaction Type, choose Invoice or Bill.**

If you clicked a deposit from the Bank Transactions menu, then Invoice appears as an option; if you clicked a withdrawal, then Bill appears. This is the key difference; the rest of the process is pretty much identical, for both Invoice and Bill transactions.

4. Give the rule a name.

The supplier or customer name is usually enough here.

5. Choose whether to apply to All Accounts or one account only.

Select All Accounts unless you have a good reason to do otherwise.

6. Specify what word(s) or phrase is going to trigger this rule into action.

With customers, your choice of words very much depends on what that customer chooses to include as the text on their payment. If the customer's name appears on the description, this is usually ideal, as is an account number. Avoid invoice numbers because these change with every payment.

With suppliers, you control what appears on your bank statement. For this reason, be consistent about what text you enter when making online payments to suppliers.

7. Select the Customer or Supplier name.

Either start typing the name and select from the options provided, or click the drop-down arrow to see a list you can select from.

8. Click the green Save button.

You arrive back at your Bank Transactions page.

With this rule in place, MYOB now replaces Allocate Me with Possible Match Found to alert you that a match may be available. All that is left for you to do is to click Possible Match Found and match the transaction.



TIP

Creating rules like a genius

Here are some tips for creating a reliable set of rules that will have everyone singing your praises:

- » Sometimes, you can create a single rule that captures many different suppliers. For example, Figure 5-7 shows how you can create a single rule for all the different places where you might buy fuel (refer to the earlier section 'Creating the perfect rules' to see how the OR function works). A great time-saver, and if you start getting fuel from another place in a few months, then you simply go to Banking → Bank rules and edit this rule by adding the new name.



WARNING

Be careful when creating a rule for a company that uses a common term as part of its name. For example, if you add BP as the description condition when creating a bank rule for fuel purchases, MYOB will pick up every transaction that has the word BPAY as part of its description. (That was a lesson quickly learnt when one of my clients ended up with \$16,000 coded to fuel expenses!)

One way to avoid this problem may be to use the Add Condition feature when creating rules (refer to the earlier section ‘Creating the perfect rules’ to see how the Add Condition feature works).

- » Go through your list of rules periodically and review how you’ve set your conditions. If you can see two rules that have the same conditions, either delete one of the rules or vary one of the conditions.
- » Be vigilant when it comes to spaces. For example, if you inadvertently enter a space after a name in the Description field, MYOB will consider this space to be a character in this situation and this becomes part of the rule.



TIP

You can take advantage of the space character to create an effective rule for using BP to buy your fuel — simply add a space after BP so that it doesn’t match to the word BPAY!



REMEMBER

- » You know if a rule is working because a wand appears at the front of the account allocation (refer to Figure 5-1). So, next time you’re thinking ‘Mmm, I’m sure I created a rule for that,’ but you can’t see a wand next to the transaction, chances are you did create a rule but the conditions aren’t hitting the mark. If you realise the rule isn’t working when it should be, don’t create a new one — go and edit the one you’ve already created and make it work for you (for how to edit rules, go to the later section ‘Editing and deleting rules’).

- » Watch your spelling. (Need I say more?)

Changing transactions when rules apply

What happens if MYOB automatically applies a rule to a transaction but you know the allocation is not quite correct? For example, maybe you’ve spent \$50 at the petrol station and you can see MYOB has applied a rule to allocate this transaction to Motor Vehicle Expense. However, you are privy to the secret knowledge that actually you only spent \$40 on petrol. The remaining \$10 was devoured in chocolate.

The fix here is pretty simple if you know how. Even with the rule applied that sends the \$50 to Motor Vehicle Expense, you can make changes. Go to your Bank Transactions page (under the Banking menu), find the transaction line that you need to correct and click the drop-down arrow to the right to expand the transaction. Check you are on the Allocate tab (MYOB should take you here automatically), then simply change the amount entered for the fuel to \$40 and then enter another line, selecting your Drawings or Loan account, and add the balance of the transaction (in this case, \$10). When all looks good, click Save. Problem solved!



REMEMBER

You haven’t broken the original rule — it is still in play. You have only changed the relevant transaction.

Keeping Rules Nice and Schmick

If spring cleaning and endless trips to Bunnings aren't your bag, then perhaps it's best to apply any spring-cleaning enthusiasm to your list of rules. Go to the Banking menu and down to Bank Rules and review every rule. This section explains just how.

Editing and deleting rules

Keep an eye out for duplicate or conflicting rules, especially those that conflict in the way they treat transactions. For example, imagine you have a lease with ABC Leasing for your car and a lease with ABC Copiers for your photocopier and you create one rule that allocates any transaction with 'ABC' in the description to Photocopy Lease Expense, and another rule that allocates any transaction with 'Leasing' in the description to 'Motor Vehicle Lease Expense'. In this situation, MYOB won't know which rule to select when it sees the words 'ABC Copiers' or 'ABC Leasing' on your statement.

To review or change rules, go to Bank Rules under the Banking menu, click the Rule Name you want to edit, make your changes and click Save. To check your edits work, go into your Bank Transactions list (under the Banking menu) and refresh the page to see the wand appear next to the relevant transaction(s).

To delete a rule, click the Rule Name and at the very bottom select Delete.

Fixing things when you get a rule wrong

While bank rules can be a little bit of magic, they can also be a total pain if you get the rule wrong — because, unless you're super sharp-eyed, the mistake gets repeated again and again.

Imagine that somebody else — not you, of course! — has created a rule saying that any transaction with 'Telstra' as part of the description should be allocated to Advertising Expense. If you were using AccountRight, this would give you the biggest migraine as getting this fixed would require you to go back and individually change each transaction.

Fortunately, you can bulk edit transactions with the Find and Replace feature in MYOB Business. For more about this, skip ahead to Chapter 6.



TIP

Incidentally, you can usually prevent mistakes in bank rules perpetuating themselves by double-checking how rules are applied. When in the Bank Transactions screen, always review any transactions that have a wand icon in the Match or Allocate column, and double-check that MYOB has selected the correct account (the wand icon means that MYOB has used a rule to allocate this transaction).

Creating allocation templates

Sometimes, you may come across transactions that vary in their description or amount and which can't be allocated using a bank rule, but which you want to allocate similarly each time.

A great example of such a transaction would be a payment for your Business Activity Statement. Typically, although the amounts vary with each payment, the accounts that you split this transaction across are the same each time. In this situation, allocation templates work a treat.

Another example of when allocation templates are really handy is for coding payments where expenses have already been deducted from the amount that you receive. For example, I have a client who has five rental properties under the same entity. In the past I would have created recurring transactions for the monthly rental statement from the agent. As each transaction would be split into multiple line items, it would take ages to make sure I had the correct account code for all the different rental properties for both the income and expenses. Some were commercial and some were residential properties, so this added another layer of difficulty. By implementing allocation templates, I was able to save around three hours per quarter.

Here's how to set up an allocation template, using a process that is very similar to creating a rule:

1. **Go to Banking → Bank Transactions, find the payment transaction you want to set up an allocation template for and click the drop-down arrow to the right of the transaction to expand the transaction.**
2. **Click Create Rule towards the bottom right.**
3. **Select Receive Money or Spend Money as the transaction type.**



TIP

Your options will depend on whether you selected a deposit or withdrawal transaction.

Note: Allocation templates created on the deposit side (Receive Money) can only be used for deposits and the same goes for withdrawal allocation templates, unlike a rule which can be applied to all transactions as long as the condition fits.

- 4. Make the Rule Name meaningful (this will be the template name).**
- 5. Change the Rule Type to Allocation Template.**

As soon as you change to this Rule Type, your rule conditions disappear.

- 6. Optional: Add a Contact and further description to the transaction.**

Refer back to the section 'Creating the perfect rules' to see the benefit of adding these elements for reporting purposes.

- 7. Create the Allocation Template in the Allocate By section.**

Add in all the line items that you normally associate with this type of transaction. Unless you know the specific percentage or amount breakdown (which you usually won't with allocation templates, as otherwise you'd be using the simpler option of bank rules), just leave the first line at 100 per cent and all others at 0 per cent. This way, you just need to edit the amounts when using the template.

For example, with the templates I created for rental property income, the income account is set at 100 per cent and then all the other possible expenses show as 0 per cent underneath. Figure 5-9 shows how this template works.

- 8. Set your Job and Tax Codes as needed.**

If you use Jobs, add these here (for more on Jobs, refer to Chapter 17), and if the Tax Codes need to vary from the default tax code, change them here too.

- 9. Click Save.**

Applying allocation templates

With your allocation templates now configured (refer to the preceding section for details), you're ready to put these templates into use:

- 1. When you are working on your bank transactions and you come across a transaction for which you've already created an Allocation Template, click the drop-down arrow to the far right to expand the transaction.**

You should naturally land on the Allocate tab.

- 2. Click the Apply Allocation Template drop-down arrow and select the relevant allocation template.**

Watch the magic happen as your created template now prefills the lines as per your template.

Create bank feed rule
✕

Date	Bank account	Bank statement description	Deposit (\$)
20/06/20	101A NAB Business 2925	RENTAL INCOME - C BROWN	\$1,600.00

Rule details

Transaction type *

Rule name

Rule type *

Inactive rule

Create transaction with this information

Contact

Description of transaction

Allocate by
 Percent
 Amount

Account * ⓘ	Percent (%) *	Job	Tax code
4-8200 Rental Income - Bedford	100.00		GST
6-1200 Advertising	0.00		GST
6-1400 Cleaning	0.00		GST
6-2000 Electricity and Gas	0.00		GST
6-3210 Management Fee	0.00		GST
6-4400 Rates	0.00		FRE
			Remaining 0.00%

FIGURE 5-9:
 Creating a new Allocation Template to include all possible line items.

3. Edit the amounts or percentages as required.

For example, if I've used an allocation template to record my Business Activity Statement, I'd edit the amounts to show the correct split of GST paid, PAYG paid, and so on. Or, using the example again where I've received a net amount for rental income, I'd edit the amounts for gross rental income and expenses deducted.



TIP

Depending on the template, you may not need to enter a value against each line. Avoid clutter in your General Ledger reports by deleting the zero value transaction lines: simply click the **x** symbol on the far right of the line (revealed if you hover over that space with your mouse). Deleting the line in this way only affects this transaction, and doesn't affect the allocation template itself.

Figure 5-10 shows the transaction view after applying a rental allocation template.

Bank transactions Import statement

Bank account: [Reconcile](#) BANK FEED BALANCE \$-- CALCULATED BALANCE \$-- OUT OF BALANCE \$--

Status: Period: Date from: Date to: Search: [Reset](#)

0 transactions selected (max 50)

<input type="checkbox"/>	Date	Account	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
<input type="checkbox"/>	23/06/20	NAB Busin...	PAYMENT - AAMI INSURANCE	110.00		Insurance	GST
<input type="checkbox"/>	21/06/20	NAB Busin...	DEPOSIT - STOCK SALE QTY 30		2,000.00	Allocate me	
<input checked="" type="checkbox"/>	20/06/20	NAB Busin...	RENTAL INCOME - C BROWN		1,800.00	Possible invoice match found	

[Match transaction](#) [Allocate](#) [Transfer money](#)

Contact (payer): Description of transaction: Apply allocation template:

Account	Amount (\$)	Amount (%)	Quantity	Line description	Job	Tax code	Tax (\$)
4-8200 Rental Income - Bedford	2,800.00	155.56				GST	254.55
6-1200 Advertising	-250.00	-13.89				GST	-22.73
6-1400 Cleaning	-380.00	-21.11				GST	-34.55
6-2000 Electricity and Gas	0.00	0				GST	0.00
6-3210 Management Fee	-370.00	-20.56				GST	-33.63
6-4400 Rates	0.00	0				FRE	0.00

Total allocated \$1,800.00 (100.00%)
Unallocated \$0.00 (0.00%)

[Attach files](#) [Link from In tray](#) [Create rule](#) [Cancel](#) [Save](#)

<input type="checkbox"/>	20/06/20	NAB Busin...	PAYMENT PETER TAYLOR - SUBCONTRACTOR	350.00		Possible bill match found	
<input type="checkbox"/>	18/06/20	NAB Busin...	OFFICEWORKS	280.00		Printing & Stationery	GST

FIGURE 5-10:
Applying
Allocation
Templates to a
rental income
transaction.

IN THIS CHAPTER

- » Recording all withdrawals and expenses
- » Allocating expenses to the correct account
- » Becoming a world expert on GST (well, almost)
- » Looking up, changing and deleting transactions
- » Handling petty cash

Chapter 6

There Goes Your Cash!

Good data entry makes for good reporting, which in turn makes for good business management. Indeed, when recording and allocating expenses — which is what this chapter is all about — you could even say that it pays to let your inner pedant flourish. Being confident that you have all the little details right means you can make informed business decisions. You definitely want to be on top of understanding your numbers when you're running your own business, and keeping a firm hand on your expenses is a crucial part of the equation.

In this chapter, I explain how to record day-to-day expenses, including how to choose the correct expense account, what tax code to use when, and how to find, change or delete transactions. This chapter also deals with the rather irritating and fiddly topic of petty cash, one of those things in life that takes up a disproportionate amount of time given the small amount of money involved.

Recording Expenses

In this chapter, I'm talking about recording expenses using the Bank Transactions and Spend Money menus. However, if you've already entered a bill in MYOB and you want to record the payment for this bill, this chapter isn't where you need to be. Instead, you need to make your way to Chapter 8.

With this proviso out of the way, here's the three different ways you can record expenses:

- » **Allocating a transaction to an expense account via the Allocate Me function on the Bank Transactions page (Banking → Bank Transactions).** Quick and easy, you scroll down your transactions, entering an account allocation for each one. See 'Working from the Bank Transactions page' next in this chapter for more.
- » **Allocating a transaction via the Bank Transactions page, drilling down to this transaction in detail.** Again, see 'Working from the Bank Transactions page' next in this chapter for more.
- » **Creating a Spend Money transaction from the Banking menu.** In times gone by, before bank feeds, using the Spend Money feature was the method for recording expenses. These days, most people only record transactions using Spend Money if there's been a one-off glitch in the bank feeds coming through, they need to enter transactions that aren't coming in via bank feeds (like petty cash) or they want to make an accounting adjustment. See 'Using the Spend Money menu' for more details.

Working from the Bank Transactions page

In Chapter 5, I explained how the best way to record expenses is to connect bank feeds or import transactions from your bank account. Assuming you're working this way, the easiest way of recording a transaction is simply to enter an account in the Allocate Me column, as shown in Figure 6-1. You can also edit the Bank Statement Description if you need to add more meaningful descriptions.

However, you'll often want to add more information than simply an allocation account, perhaps editing the tax code, adding a contact name or splitting transactions across lines. The following steps explain what you need to do:

- 1. Go to Banking → Bank Transactions, and select Unallocated as the Status.**

You'll see a list of all transactions that you haven't recorded yet, but which have been pushed through from your bank.

FIGURE 6-1:
Allocating transactions can be as simple as entering an account in the Allocate Me column.

Date	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
01/04/20	BPAY OPTUS BROADBAND	60.00		Allocate me	
01/04/20	PAYMENT - MYX ACCOUNTANT	880.00		Allocate me	
01/04/20	BANKING TRANSACTION FEE	0.50		Allocate me	
01/04/20	BP ROSEVILLE	58.43		Allocate me	
02/04/20	PAYMENT - VODAFONE MTHLY BILL	45.00		Allocate me	
02/04/20	SHELL ENMORE	96.98		Allocate me	
03/04/20	DEPOSIT - CINDY CHARMING		4,265.00	Allocate me	
03/04/20	CREDIT INTEREST		16.50	Allocate me	
04/04/20	CALTEX COLLINGWOOD	38.00		Allocate me	
07/04/20	PAYMENT - TRINITY ADVERTISING	550.00		Allocate me	
08/04/20	EFTPAYMENT- CASEY STEVENS		2,836.00	Allocate me	
08/04/20	PAYMENT - AAA CLEANING SERVICE	51.00		Allocate me	

2. Optional: Select the bank account you want to record transactions for.

If you have more than one business bank account, it's up to you whether you code transactions for all bank accounts at once, or work through one bank account at a time (it's usually easiest to do the latter).

3. Click the drop-down arrow on the far right of the transaction line you want to allocate.

A detailed transaction window appears, similar to Figure 6-2.

4. Optional: Select a contact from the Contact (Payee) drop-down list.

If this contact doesn't exist, you'll have to go to Contacts → Create Contacts to add it. Note however that MYOB currently doesn't have any reports that will display all transactions sorted by Contact, so this field is of limited use, and you may not wish to spend time entering this information (unless you need it for TPAR reporting — see the next step).

5. If this supplier is a contractor, consider when you need to click Report to ATO via TPAR.

In this instance, you will have to first populate the Contact field.

Chapter 8 takes you through all you need to know about TPAR.

6. Optional: Add a description in the Description of Transaction field.

Make the description meaningful (if you feel the bank narration is not sufficient) as these details will reduce the questioning later down the track by your accountant.

7. Select the Account.

Start typing the first few letters of the account to see if anything similar pops up. If it doesn't, use the drop-down arrow to the right of the Account field to view your Chart of Accounts and then select the relevant account.

If you're not sure which expense account to pick, see 'Picking the Right Expense Account', later in this chapter. Or if you're splitting a transaction across multiple expenses, see 'Splitting an expense across more than one account'.

8. Optional: Enter the Quantity.

You can't record inventory purchases in this window, so it's unlikely you'll ever be recording quantities, but if this information is useful, go right ahead. For example, quantity information may be useful for claiming fuel tax rebates, when you need to report on the quantity of litres purchased. (Note that you can customise your General Ledger report to display quantity information, a topic covered in more detail in Chapter 15.)

9. Optional: Add a line description.

If you're splitting a transaction across multiple lines, you can add a description to each line itemising what the payment is for.

10. Optional: Enter a Job.

If you track expenses by particular jobs, projects or cost centres, select the appropriate job from the drop-down list of jobs to the right of the Job field (for more details about jobs, see Chapter 17).

Bank transactions

Bank account: 101A NAB Business 2925

Status: All transactions | Period: Custom | Date from: 01/04/20 | Date to: 30/06/20

Date	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
18/04/20	OFFICEWORKS	280.00		Allocate me	
20/04/20	RENTAL INCOME - C BROWN		1,800.00	Possible invoice match found	
20/04/20	PAYMENT PETER TAYLOR - SUBCONTRACTOR	350.00		Allocate me	

Transaction details for 20/04/20: PAYMENT PETER TAYLOR - SUBCONTRACTOR

Contact (payee): Peter Taylor & Sons | Description of transaction: PAYMENT PETER TAYLOR - SUBCONTI

Account	Amount (\$)	Amount (%)	Quantity	Line description	Job	Tax code	Tax (\$)
6-4050 Sub-contractors	350.00	100				GST	31.82

Total allocated: \$350.00 (100.00%)
Unallocated: \$0.00 (0.00%)

Buttons: Attach files, Link from in tray, Create rule, Cancel, Save

FIGURE 6-2:
Recording
an expense in
full detail.

11. Review the Tax Code.

The field will prefill with the tax code assigned to the account as per your Chart of Accounts. Not sure what code you need? See 'Choosing the right tax code' later in this chapter for more details.

12. Optional: Attach a copy of the expense invoice or receipt.

You can add a copy of the supplier's tax invoice or receipt to the transaction, either by dragging the file into the Attachments section or by clicking Browse for Files and browsing for the saved file on your computer.



TIP

13. Optional: If this is a transaction that occurs regularly, or a supplier who you pay often, click Create Rule.

If you have an expense that occurs regularly, you can use bank rules to automate as much of the data entry as possible, saving time for you to enjoy a Netflix binge. I even have quarterly competitions within my practice to see who can get the highest percentage of transactions allocated by rules! I explain how to set up bank rules in Chapter 5.

14. Click Save.

Using the Spend Money menu

If you decide to use MYOB without setting up bank feeds or importing transactions from your bank — something I counsel strongly against — then you can still record your expenses. The difference is that you select Spend Money from the Banking menu, rather than going to the Bank Transactions page.

Recording expenses using Spend Money is almost the same as recording expenses from the Bank Transactions page, but with a couple of little differences:

- » Before recording the transaction, select the bank account you used to pay for the expense from the Bank Account drop-down list at the top left.
- » You'll have to enter the date. Be sure to enter the date the payment was debited from your bank account.



TIP

If you use Spend Money to record a transaction that you know is going to happen again and again, such as a regular monthly lease payment or rent, you can save this transaction so that MYOB records it automatically. To do this, enter your transaction as you normally would, but instead of clicking Record, click Save as Recurring. You'll be prompted to create a name for this transaction as well as a payment frequency and start date.

Based on the frequency you select, MYOB will create and record this transaction automatically. Alternatively, if you don't want to automate the transaction, you

can select the frequency as Never, and instead select the transaction by going to Banking → Recurring Transactions when required.

Splitting an expense across more than one account

What happens if you want to allocate an expense to more than one account? If you're working from the Bank Transactions page, click the drop-down arrow at the far right of the transaction line to reveal the transaction details. If you're working in Spend Money, simply add another line, splitting the transaction across as many lines as required.

Figure 6-3 shows how to split a single payment across more than one account. In this example, the home office telephone bill is split between Telephone Expense (which you can claim as a tax deduction) and Personal Drawings. Lovely.

You can also attach a copy of the bill to the transaction using the Attachments area at the bottom left of the expanded transaction (as shown in Figure 6-3).



TIP

If you're splitting an amount across two accounts and you've already entered the first line, simply click in the Amount (\$) field on the second line and press the = key on your keyboard. The remaining allocated amount and percentage automatically appear. Magic!

Bank transactions

Bank account: 101A NAB Business 2925

Status: All transactions | Period: Custom | Date from: 01/04/20 | Date to: 30/06/20

0 transactions selected (max 50)

Date	Bank statement description	Withdrawal (\$)	Deposit (\$)	Match or allocate	Tax
01/04/20	BPAY OPTUS BROADBAND	60.00		Allocate me	

Match transaction | Allocate | Transfer money

Contact (payee): BPAY OPTUS BROADBAND

Account	Amount (\$)	Amount (%)	Quantity	Line description	Job	Tax code	Tax (\$)
6-5600 Telephone	48.00	80				GST	4.36
3-1000 Drawings	12.00	20				N-T	0.00

Total allocated: \$60.00 (100.00%)
Unallocated: \$0.00 (0.00%)

Attachments: d5e692a1-5df5-48c7-8bf5-f494ae82d787-Optus_62316066125_000210953484_P_20210721.pdf 183 KB

Attach files | Link from In tray | Create rule | Cancel | Save

01/04/20	PAYMENT - MYX ACCOUNTANT	880.00		Allocate me	
01/04/20	BANKING TRANSACTION FEE	0.50		Allocate me	

FIGURE 6-3: Splitting expenses across more than one account.

Working with credit cards

Recording credit card transactions is the same as recording any other kind of transactions. However, here are a couple of comments specific to credit cards:



TIP

- » Bank feeds really come into their own when recording credit card spending. Once you have allocation rules configured, you probably cut the time required to enter transactions by about 85 per cent.
- » Some banks won't offer you a bank feed if the credit card is in your personal name (this is down to your bank, not MYOB). This lack of bank feeds can be a real hassle, and so it may be worth changing your credit card to a business account, especially if you have a high volume of transactions.

The other alternative is to import the transactions via .QIF or .OFX file formats (which can be cumbersome over a long period as exact dates are required). I discuss importing transactions in Chapter 5.

- » If you already have an amount outstanding on the credit card when you create the account, you can record the balance in the Opening Balance field so that your credit card account will reconcile without issue.
- » Credit Card accounts are generally set up as a liability, with the Account Type being Credit Card.



TIP

- » If some of the debits on your credit card statement are for personal purchases (credit cards often end up with a mix of business and private transactions), choose a drawings account or a director's loan account as the allocation account for these purchases.
- » A credit card is like any other bank account — you need to reconcile your credit card account in the same way as you reconcile your other business bank accounts. (Chapter 9 explains more about reconciling bank accounts.)
- » To record credit card payments, refer to the section in Chapter 5 regarding transferring funds from one account to another.

Picking the Right Expense Account

The real skill of bookkeeping (aside from accuracy) lies in knowing which account to select. Although I can't provide you with hard-and-fast rules about which account you should select in every situation, Table 6-1 provides some pointers on a few of the transactions that are trickiest to allocate.

TABLE 6-1**Matchmaking Payments and Accounts**

Type of Expense or Payment	Comments	Use This Account
Bank charges	Regular bank charges go to Bank Fees, and bank charges for merchant facilities go to Merchant Fees. Interest goes to Interest Expense.	Bank Fees Merchant Fees Interest Expense
Coffee, biscuits, tea, toilet rolls	The essentials for happy employees go into an account called Staff Amenities.	Staff Amenities
Government charges	Company return lodgement fees to the Australian Securities & Investments Commission (ASIC) go to Filing Fees, licence renewals go to Licence Fees and stamp duty on insurance goes to Insurance Expense.	Filing Fees Licence Fees Insurance Expense
Hire purchase/ leases	A hire purchase is a different beastie from a lease. Ask your accountant if you're not sure what you have.	Hire Purchase (liability) Lease Expense
Miscellaneous expenses	Avoid accounts such as Sundry Expense or Miscellaneous Expense (such accounts tend to become an easy dumping ground). Instead, create a new account or use an existing account that is a close match.	Office Supplies Repairs & Maintenance Staff Amenities Staff Expenses
Motor vehicle expenses	If you have more than one vehicle and these vehicles are used for both personal and business, either create separate accounts or job codes for each motor vehicle.	Motor Vehicle Fuel Motor Vehicle Insurance Motor Vehicle Repairs
New equipment	If new equipment goes over the asset threshold (the dollar amount may change, so check with your accountant to be sure of the current threshold), allocate this purchase to an asset account, not an expense. If the cost of new equipment is less than the asset threshold, create an expense account to suit.	Furniture & Fittings (asset) Plant & Equipment (asset) Asset Pool (asset) Sundry Tools/Equipment (expense)
Office repairs	If a repair is minor, allocate to Repairs & Maintenance. If a repair counts as an improvement (a new veranda or skylight, for example), it is probably an asset. Ask your accountant if you're not sure.	Repairs & Maintenance Leasehold Improvements (asset) Building Improvements (asset)
Personal spending (sole trader or partnership)	Always be careful to separate personal spending from business spending.	Personal Drawings (equity account)

Type of Expense or Payment	Comments	Use This Account
Personal spending (director or shareholder of a company)	A company director or shareholder can only use company funds for personal purposes if they take these funds in the form of wages or directors' fees or as a debit against a Directors' or Shareholders' Loan account. Your accountant is your best guide as to which method is relevant for your business.	Directors'/Shareholders' Loan (liability account) Directors' Fees Wages Expense
Stock purchases	If you track inventory costs and stock levels, allocate new purchases to an account called Inventory. Otherwise, allocate stock purchases to a Purchases account.	Inventory Purchases (cost of sales account)
Subcontractors	Never muddle subbies and employees. Keep subbie payments entirely separate from wages.	Subcontractor Expense
Superannuation	Assuming you're using MYOB's payroll features, allocate super payments to Superannuation Payable.	Superannuation Payable (liability)
Taxes	Every bookkeeper's nightmare! Be careful where you allocate tax payments and remember that the only tax payments that ever get coded as an expense are Fringe Benefits Tax and, in some situations, Land Tax.	Company Tax (liability) Fringe Benefits Tax (expense) GST Collected/Paid (liability) PAYG Payable (liability) Personal Drawings (equity)
Travel	Keep local travel separate from overseas travel (and remember that overseas travel doesn't have any GST on it).	Travel Expense Domestic Travel Expense Overseas
Wages	If you have lots of employees, you may want to consider creating a few wages expense accounts for different departments or areas of the business so you can see more detail about wages in your Profit and Loss reports.	Wages Expense

What should you do if you don't have enough information to allocate a transaction yet? Perhaps you're still waiting for details from a supplier, or perhaps it's a debit on a credit card that you don't recognise.

One simple approach is to allocate such transactions to an expense account called 'Suspense'. Later, when you receive the bill you've been waiting for or solve the credit card mystery, you can return to this transaction and re-allocate it.



TIP

Alternatively, if you're unsure how to code something, a neat solution is to create an expense account in your Chart of Accounts called 'Queries to Code'. Then, if you allocate transactions you're unsure of to this account, ensuring you add a full description to each one, you create a call to action for your accountant or bookkeeper to help you reallocate these transactions. This way you can differentiate between 'Suspense' account enquiries, where you're waiting to get more information about something, and accounting enquiries, where you're unsure about where to allocate the transaction.



REMEMBER

If you're lodging your own BAS (Business Activity Statement), you first need to ensure any transactions sitting in query or suspense accounts have been allocated before generating final GST reports.

Understanding GST (You'll Be the Only One)

GST made easy? I may as well be writing out a calculus equation. But I'm not easily discouraged (besides, I love maths!), so here's my very easy to swallow — oops, I mean follow — take on which tax code to choose when, and how to calculate GST backwards. If you're after more nitty-gritty GST details, try Chapter 16.

Choosing the right tax code

If you're registered for GST, every time you record a transaction in MYOB, you need to complete the Tax column, as follows:

- » If the payment is for goods or services that attract GST, select GST as the tax code.
- » If the payment is for goods or services that are GST-free (medical supplies, GST-free food and so on), select FRE as your tax code.
- » If the payment is for goods or services that are for your own private use, select N-T as the tax code.
- » If the person you're trading with isn't registered for GST but has an ABN, select FRE as your tax code.



REMEMBER

Whenever you pay for something and you want to claim a GST credit, make sure you obtain a proper tax invoice, complete with the supplier's ABN, so you can check the validity of the supplier. See Chapter 8 for more on this task.

Getting tax codes right, automatically

When you record expenses, does the tax code always come up as N-T, meaning you have to change the tax code every time? If so, you haven't set up your Chart of Accounts correctly (or you chose 'not registered for GST' when first setting up your MYOB file).

Save yourself time by correcting these default codes. Go to your Chart of Accounts under the Accounting menu, select Edit Accounts and edit the Tax Code fields as required. Chapter 2 explains how you can do this in bulk quick-smart, too.

If you're registered for GST, most income and expense accounts require either GST or FRE as their code (although there are some exceptions, of course). If you need more help figuring out which code to pick, see Chapter 16 or ask your accountant.

Recording mixed transactions

Whenever you buy a mix of things that include GST and things that don't, like picking up some items at Coles for staff amenities and there being a mix of GST-attracting and GST-free items, you'll find that the GST ends up not being 10 per cent of the total but something quite different. What do you do?

The trick is to record your payment but split the transaction over two lines. For example, in a hypothetical \$17.10 Coles shop, the \$4.30 biscuits attract GST but the \$12.80 on coffee and milk is GST-free, so you record the transaction's details on two lines. On the first line, select Staff Amenities Expense as your allocation account, type \$4.30 as the amount and select GST as your tax code (you can also add an extra description of the biscuits on this line to help your accountant or bookkeeper understand the reason for the split). On the next line, select Staff Amenities Expense as the allocation account again, but this time type \$12.80 as the amount and select FRE as your tax code. From here, you can check the tax amount now matches your receipt. Figure 6-4 shows this split GST allocation in MYOB.



TIP

This Coles split calculation example is simple; however, if you're not sure what amount is subject to GST, just multiply the GST amount showing on the tax invoice by 11 and this gives you the grossed-up total on which to allocate the GST component (Chapter 16 helps make sense of why this works!). As an extra check, always double-check the total Tax (\$) amount matches the tax invoice.

FIGURE 6-4:
Splitting a transaction to record the correct GST tax amount.

The screenshot shows the 'Bank transactions' interface for a bank account '101A NAB Business 2925'. A transaction on 11/04/20 for 'PAYMENT - WOOLWORTHS' with a total amount of 55.00 is being split. The split is shown in a table below:

Account *	Description of transaction	Amount (\$) *	Amount (%) *	Quantity	Line description	Job	Tax code *	Tax (\$)
6-4999 Staff Ameneties		42.80	77.82		Biscuits		GST	3.89
6-4999 Staff Ameneties		12.20	22.18		Milk		FRE	0.00

Summary statistics at the bottom right of the table:

- Total allocated: \$55.00 (100.00%)
- Unallocated: \$0.00 (0.00%)

Locating and Changing Transactions

So, you've recorded heaps of transactions and now you want to be able to view your work — maybe you want to change a transaction, check whether you've entered something correctly, or even delete a mistake. You can do all these things either by going to your Bank Transactions report or using Find Transactions.

Badgering the Bank Transactions report

Go to Reporting → Reports, and under the Banking tab you'll find the Bank Transactions report. All your bank and credit card accounts will be here for you to peruse at your leisure. You can filter by date or click the Accounts button to view just one bank account at a time.

To see the full list of all transactions created under a bank account, select Expand All to get the details (see Figure 6-5 for an example) showing all deposits and withdrawals over the period of time you select listed in date order.

Scroll down until you find the transaction you're looking for, and then click on the purple Reference number to display this transaction. You can then review, edit or delete the transaction from here.

Bank transactions report Save as

Date range: Date from: 01/06/2020 Date to: 30/06/2020

Transaction type: All selected Accounts: 1 selected Include unallocated transactions

Report options: Report options Reset

1 June 2020 to 30 June 2020 Refresh Expand all Collapse all Customise Export View and print

Account No.	Account name	Deposit (\$)	Withdrawal (\$)	Balance (\$)		
1-1100	NAB Business 2925					
Date	Reference	Type	Description	Deposit (\$)	Withdrawal (\$)	Balance(\$)
01/06/2020	318	Spend money	BPAY OPTUS BROADBAND		\$60.00	\$168,379.15
01/06/2020	332	Spend money	PAYMENT - MYX ACCOUNTANT		\$880.00	\$167,499.15
01/06/2020	351	Spend money	BP ROSEVILLE		\$58.43	\$167,440.72
01/06/2020	379	Spend money	BANKING TRANSACTION FEE		\$0.50	\$167,540.22
02/06/2020	380	Spend money	PAYMENT - VODAFONE MTHLY BILL		\$45.00	\$167,395.22
02/06/2020	EFT	Spend money	SHELL ENMORE		\$96.98	\$167,298.24
03/06/2020	CR000220	Receive money	CREDIT INTEREST	\$18.50		\$167,314.74
03/06/2020	CR000230	Invoice payment	Payment for 001105	\$2,385.00		\$169,699.74
03/06/2020	CR000231	Invoice payment	Payment for 00001098	\$55.00		\$169,735.74
03/06/2020	CR000232	Invoice payment	Payment for 00001074	\$789.00		\$170,524.74
04/06/2020	381	Spend money	CALTEX COLLINGWOOD		\$38.00	\$170,486.74
07/06/2020	313	Spend money	PAYMENT - TRINITY ADVERTISING		\$550.00	\$169,936.74
08/06/2020	317	Spend money	PAYMENT - AAA CLEANING SERVICE		\$51.00	\$169,885.74
08/06/2020		Unallocated transaction	EFTPAYMENT- CASEY STEVENS	\$2,835.00		\$172,721.74
09/06/2020	378	Bill payment	Payment for 00005561		\$599.00	\$172,122.74
11/06/2020	382	Spend money	PAYMENT - WOOLWORTHS		\$55.00	\$172,067.74

FIGURE 6-5:
Viewing transactions in your Bank Transactions report.

Flipping out with Find Transactions

The Find Transactions menu is the best place to find most transactions easily because of its Search field, which the Bank Transactions report lacks. To get to this menu, go to Banking → Find Transactions (the Find Transactions option is at the bottom of the list that appears).

You have three tabs to choose from depending on what you're looking for:

- » The first tab is Debits and Credits. This shows a detailed view of the transaction, including the associated debits and the credits, with any GST amounts separately. Here you have a search field and great filters, including a dropdown to select different account codes and a filter for searching by Source Journal. (A *source journal* groups your data based on the type of transaction. If you've used AccountRight before, these source journals are the ideal way to find transactions in your file, so they work really well here as filters.)
- » The second tab lists Transactions, and again it is super easy to search for an amount, description or reference number to help locate your transaction (rather than scrolling through an endless list). Knock yourself out putting the search function to the test!
- » Find and Replace is the last tab, and it is super useful for editing transactions in bulk. See 'Changing lots of transactions in one fell swoop' later in this chapter for more details.



TIP

Removing transactions

Whether or not you can delete transactions depends on how you recorded them in the first place.

If you recorded the transaction manually (for example, using the Spend Money menu), then it's easy to delete the transaction. Simply click into the transaction and then click the Delete button. Be careful, however — if you delete a transaction that has already been reconciled, you will throw your bank reconciliation out of balance. (Unlike MYOB AccountRight, MYOB Business does not give a warning that a Spend Money transaction has been reconciled if you delete it.) For this reason, always check whether a transaction has been reconciled before deleting it.

If this transaction was recorded from a bank feed or was imported from a bank statement, when you select Delete (in the transaction view), you are deleting the recorded transaction and returning it to an Unallocated status in your bank transactions — you are not deleting the actual bank feed transaction. Refer to Chapter 5, where I talk more about removing transactions from bank feeds or from imported bank statements.

Changing transactions

Sometimes you may want to change a transaction rather than delete it. Perhaps you allocated an expense to the wrong account, or perhaps you allocated a payment to an expense account instead of matching it against a supplier bill. Fortunately, fixing mistakes is easy.

Find the offending transaction using Find Transactions (refer to the earlier section 'Flipping out with Find Transactions'). Click on the purple Reference number to display the transaction.

If your error was an account allocation, incorrect tax code or missing job code, fix your mistake and simply click Save. If your error was that you recorded an expense instead of matching a payment against a supplier bill, click the Unmatch button. This will return the transaction to a status of Unallocated on the Bank Transactions page and from there, you can record the transaction correctly.



WARNING

If this transaction was recorded from a bank feed, be careful that you don't change the date or the amount as this will create a duplicate transaction that includes the changes you made and push the original transaction's status back to Unallocated in your bank transactions. You may not even be aware another transaction has been created (as it does not give you a warning) until you reconcile your bank (turn to Chapter 9 for more on reconciling).

Changing lots of transactions in one fell swoop

Sometimes you may need to edit a whole heap of transactions in one go. Maybe you've made a particular mistake repeatedly over several months, or perhaps you created a rule incorrectly that coded numerous transactions to the wrong account. In good news, you don't need to edit each transaction individually. Instead, MYOB has a better solution so you can fix the transactions in no time: Find and Replace.

To take advantage of the Find and Replace feature:

1. Go to Banking → Find Transactions.

You have three tabs across the top of the page that appears: Debits and Credits; Transactions; and Find and Replace.

2. Go to the Find and Replace tab. Set your filters, choosing a wide enough date range to capture all the wrong allocations. Keep the Source Journal on All.

3. Select the Account in which the transactions were allocated incorrectly from the Account drop-down field.

For example, perhaps you created a rule that coded every payment that had 'MYX Accountant' in the transaction description to Advertising Expense, and now you realise these payments should have been coded to Accounting Expense. In this situation, you'd select Advertising Expense as the account.

4. If need be, use the Search field to refine the list.

In my example, you could search for 'MYX' to display the incorrect transactions.

5. Tick the checkboxes to the left of the Date for each incorrect transaction and click Replace.

As soon as you begin to select the incorrect transactions, a Replace button appears at the top of the list.



TIP

If your list is perfectly filtered and you're confident there are no correct transactions in the filtered list, you can simply tick the checkbox to the left of the Date filter to select them all.

A pop-up box appears after you click Replace.

6. Assign the correct account and the correct Tax Code from each drop-down list and click the green Replace button.

Figure 6-6 shows this correction for my example, where I'm assigning the incorrect transactions to Accounting Fees.

Give it a few seconds and voila, the transactions are all re-coded just like that . . . and the magic keeps happening.



REMEMBER



WARNING

If you use AccountRight, this feature is only available when you access your file via the browser.

I know many accountants and bookkeepers that would journal the total from the wrong account over to the correct account, but this doesn't provide the best experience when you're reviewing your reports at the end of the year.

With the Find and Replace feature, you can fix mistakes such as these in a matter of seconds. You have all the great filters from the first two tabs, plus you can search by Account and Tax Code. (It's hard to imagine working without these types of filters — they save so much time, so do make the most of them!)

Reference no	Description	Account	Source journal	Tax code	Debit (\$)	Credit (\$)
336	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
338	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
339	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
341	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
174	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
182	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	
168	PAYMENT - MYX AC...	6-1200 Advertising	Cash Payments	GST	800.00	

FIGURE 6-6: Using Find and Replace to re-allocate incorrect transactions.

It's a Petty Business

You can find as many ways to deal with petty cash as there are ways to make pasta sauce. But a few things never change, like the tomatoes — no matter what type of business you run:

- » Energy drinks, roses for the beautiful girl at the train station and vet bills are not legitimate petty cash receipts. Get real.



REMEMBER

- » When someone takes petty cash from the tin and promises to come back with a receipt, they probably won't.
- » When someone sticks an IOU in the petty cash tin, it means that they'd love to pay you back, but they always seem to forget — and who carries cash these days anyway?
- » No matter how finicky you are, petty cash will rarely balance as there are too many moving parts.

In the next couple of sections, I talk about two ways to deal with petty cash. The first method is best for owner-operators paying expenses out of their own pocket. The second method is best for businesses that have employees and need a petty cash tin. Take a look and see which suits you best.



TIP

Although I obligingly explain how to deal with petty cash in this chapter, my primary recommendation is to avoid paying for any business expenses on your personal card or using cash. Cash is painful and time-consuming for bookkeepers, especially if you contrast working off a bank feed from a credit card against recording petty cash receipts.

Stop using your personal card

Always use your business bank account to pay for business expenses. This way, the transactions come through via your bank feeds and you won't miss claiming any as a deduction.

Occasionally, however, you may end up paying for an expense using a personal debit or credit card, or perhaps even with cash. In this situation, you record such expenses using this simple method:

- 1. Every month or so, go on a mad hunt for receipts for any expenses that didn't come out of your business bank account, but which you paid for with cash or using a personal bank account.**

If you're the business owner reading this book, dig through your pockets, tip out your wallet or look under the seats of your car. If you're a bookkeeper, hassle your employer or client to find every receipt they can lay their hands on. In the industry, such clients are generally called 'shoe box' clients as they tend to throw all their receipts in a box for safekeeping then hand it over.

- 2. Clear a patch on your desk and sort the receipts into categories.**

One pile for stationery, one pile for computer supplies, one pile for postage and so on. (Remember, at this point you only want receipts for business expenses paid for by physical cash or paid for out of personal accounts that

aren't tracked using MYOB; ignore receipts for things paid for by EFTPOS or corporate credit cards.)

3. Use a calculator to add up the total value of each pile, and then write these totals down on the front of an empty envelope.

You end up with an envelope that reads something like:

- Total stationery receipts = \$15.00
- Total postage receipts = \$45.00

Of course, if you want to type these entries into a simple spreadsheet, that's fine too.

4. Add up the total value of all these receipts and write this total on the front of the envelope.

Alternatively, print your spreadsheet summary and staple this summary to the front of the envelope.

5. Stuff the receipts into the envelope and close it up.

6. Go to the Accounting menu and select Create General Journal, and enter a journal entry that debits each expense and credits the total as either Owner's Drawings or Owner's Loan Account.

Figure 6-7 shows a typical general journal. This journal debits three expense accounts (Office Supplies, Motor Vehicle Fuel and Postage), and credits the Owner's Drawings account.

It's usually easiest to enter the date as the last day of that month or quarter (it's okay to group the expenses under this date even if the transactions were made on different dates, as long as they fall within the same Business Activity Statement period).



REMEMBER

Receipts may simply vanish in the glovebox ether, so if you tend to spend a lot of business-related money using your personal accounts, it may be a good idea to read through your personal bank statements to ensure you don't miss any other business expenses.

Lock it up, tie it down

If a business has employees who sometimes pay for business expenses by cash, you need to set up a decent petty cash system. Here's the whole deal, from start to finish:

1. Buy a petty cash box.

It's time to liberate your cash from the biscuit tin. Buy a real petty cash box with a lock and key. I'm serious.

6. Enter the petty cash transactions in Spend Money, splitting these transactions across different account codes.



REMEMBER

This will be one of the times that you will need to use Spend Money even if you have all the bank feeds connected. Select your Petty Cash account as the bank account. Then look at the back of your envelope or your spreadsheet for the breakdown of receipts (refer to Step 5). Enter each amount, line by line, selecting the relevant account code for each different kind of expense. When you're finished, your Spend Money transaction should look similar to the transaction shown in Figure 6-8.



TIP

7. Make an ATM withdrawal to top up the petty cash close to the original value of the float.

With ATMs only giving multiples of \$20 and \$50, it will be hard to get the float back to the exact original amount so just try as close as you can here.

8. Record this withdrawal in your bank feeds to the Petty Cash account.

9. Check that the balance of your Petty Cash account now matches the balance of the petty cash tin.

Here, you can simply view the balance of the Petty Cash account and be sure that it is the correct balance, but it's good practice to reconcile your petty cash account every time you top up the petty cash tin as that affirms you have accounted for everything and it is balanced. I talk more about bank reconciliations in Chapter 9.

FIGURE 6-8: Recording a petty cash transaction when you're running a petty cash tin.

Create spend money transaction

Bank account *
1-1140 Petty Cash

Reference number * 1

Date * 30/08/

Contact (payee)

Report to ATO via TPAR

Amounts are Tax inclusive Tax exclusive

Description of transaction
Petty Cash for August

Account *	Amount (\$) *	Quantity	Description	Job	Tax code *
6-3600 Office Supplies	42.60		Officeworks		GST
6-4001 Motor Vehicle Fuel	168.50		Fuel		GST
6-4270 Postage	22.00		stamps		GST

Subtotal \$233.10
Tax \$21.19
Total \$233.10

Save as recurring Prefill from recurring Cancel Record and new Record

GST — when petty cash gets pettier

If petty cash receipts don't show GST separately, that doesn't mean they're GST-free. A packet of staples for \$2.20 includes 20 cents GST. And even if you feel that you've got better things to do than nit-pick tiny details, you still can't afford to lose these valuable GST credits. Over time, it all adds up.



TIP

If petty cash is giving you grief and you're spending too much time on it, just scrap it! Nobody said you had to have a petty cash tin, especially as the world continues to move towards operating cashless. Instead, save yourself hours of time by using a business credit or debit card to manage all day-to-day expenses and you're covered, as if by a nice warm blanket.

PAYING FOR SET-UP EXPENSES FROM YOUR OWN POCKET

I often get asked how to record business set-up expenses that owners have paid for using their own funds before their businesses got off the ground or the business bank account was set up.

If you're in this camp, talk to your accountant first, because you can't always claim set-up expenses as a tax deduction, especially if the money is spent too far in advance of the business getting established.

However, if your accountant tells you these expenses are claimable, you can record them by going to Create General Journal under the Accounting menu and recording a journal that debits the appropriate expense or asset accounts, and credits your Owner's Drawings/Loan account. The petty cash example in Figure 6-7 provides a good example of how this journal might look.

IN THIS CHAPTER

- » Mastering your destiny — working out who owes you what
- » Recording customer payments, one after the other
- » Grouping payments together, and then heading for the bank
- » Lasting the distance when things go cactus
- » Depositing funds that don't come from customers
- » Reminding customers that they owe you money
- » Chasing overdue accounts, using every strategy known

Chapter **7**

Here Comes the Money

Even though I've been running my own business for years, I still feel a little ray of sunshine when customers pay me, whatever the fee. You will too, especially when you find out how easy it is to receive and record payments in your company file.

In this chapter, you discover that there are two ways of recording all the money coming into your business. If you've created a sales invoice, then it's an exercise of matching money received from the customers against the invoices they're paying. The second method is a quick allocation to an income account on the Bank Transactions page, where you record odd bits of income, such as bank interest, refunds or income from insurance claims.

This chapter also talks about finding out how much you're owed, sending customer statements and how to squeeze money out of the most reluctant of customers.

Seeing How Much You're Owed

Keeping on top of how much you're owed, and who owes you what, is one of the key ingredients to business success. If the money's not coming in, how are you going to pay what you need to grow your business and generate more income?

You have three ways of seeing how much your customers owe you:



TIP

» **A quick Dashboard overview:** Go to the Dashboard and the Up Next area shows, among other things, how many overdue invoices you have, with a link to the list of invoices you need to chase up so you can action these next. The Your Business section of the Dashboard shows the total value of your income (for the period of time displayed), plus a chart highlighting how your income has been progressing over the past few months compared to last year. This nifty chart also separates out your Open Invoices (see Figure 7-1).

The Income chart in this useful section of the Dashboard defaults to showing the last six months of income, but you can adjust the time frame by clicking the three dots to the top right of each chart here.

» **The Unpaid Invoices report:** This report provides a more detailed picture of who owes you money and how much. To view this report, go to Reporting → Reports, head to the Sales tab and choose the Unpaid Invoices report. Click Expand All to view individual invoices owing, and click Collapse All to return to a single total per customer. This report is useful as it shows the age of each debt and how much you're owed right now (hopefully there aren't any invoices sitting in the 90+ days column!).

» **The Receivables Reconciliation with Tax report:** To find this report, go to Reporting → Reports, then move along to the Sales tab. For the purpose of chasing overdue accounts, the information on this report is much the same as the Unpaid Invoices report. However, two key features of the Receivables Reconciliation with Tax report are that it shows the tax value of your unpaid invoices, and it also calculates any discrepancy between the value of your open invoices and your receivables balance. These features are beneficial when you are reconciling your receivables account to your Balance Sheet at the end of each reporting period.

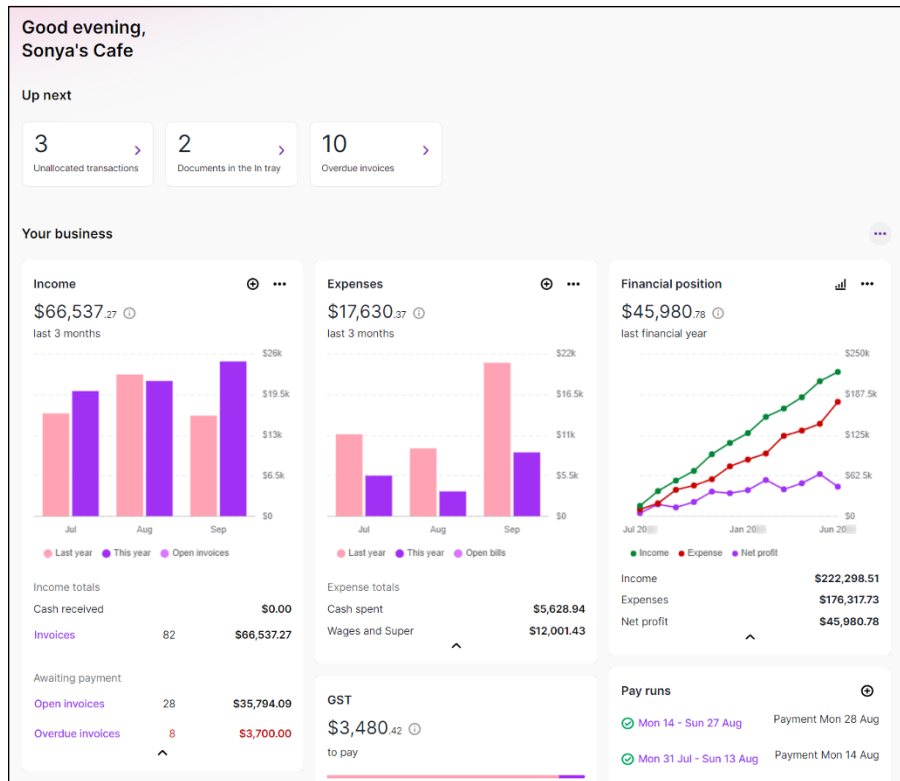


FIGURE 7-1:
The Dashboard provides a quick insight into how much customers owe you.



TIP

Here are some tips for mining the useful detail from the Unpaid Invoices report and the Receivables Reconciliation with Tax report:

- » **Add handy information, such as customer phone numbers, average days to pay or original amount owing:** When using the Unpaid Invoices report, click Customise and scroll down to the Select Columns to Display field. Click the drop-down arrow and you'll find a whole bunch of additional information you can add to this report. (For example, phone numbers are handy when chasing overdue accounts, as is the Average Days to Pay field, with the latter indicating whether a customer is always a late payer or if this tardiness is a rare exception.) Select the columns you need and click Apply to add this information to your report; click Save As to store this customisation so you can view this info every time.
- » **Reveal old debtors:** If you find that neither report includes amounts customers owed before you started using MYOB, it means you haven't set up your customer opening balances yet. For the details on how to get started, turn to Chapter 3.
- » **Change your ageing method:** The Unpaid Invoices report provides two ways to organise the ageing columns. Under the Ageing Method, you can choose to



TIP

display invoices either by the number of days since the invoice date, or by the number of days overdue using invoice terms. Try both these options out and see what sits best with you.

If you find that invoices are showing as overdue when they aren't, or vice versa, then your payment terms are probably set up incorrectly. You can fix these by going to the Payments tab in your Sales Settings (under the Settings menu).

- » **Look into the past:** If you want to see how much customers owed you on a particular date that's already passed (perhaps your accountant wants to see a receivables report for a previous month), just enter the date you need using the As At date field.
- » **Keep an eye on your Receivables Reconciliation:** If you're using the Receivables Reconciliation with Tax report, you have the added bonus of being able to keep an eye on your reconciliation balance as you go, monitoring the Out of Balance Amount to ensure it remains at \$0.00. Chapter 18 talks you through using this check to keep your file in tiptop shape.

Yippee! A Customer Has Paid Up

In the next few pages, I make a couple of assumptions:

- » First, I assume that before you try to record a customer payment, you've already recorded a corresponding sales invoice. (You know, the whole cart-before-the-horse idea. Whoops, I mean horse-before-the-cart idea.) If you haven't recorded any sales invoices yet, you may want to scoot back to Chapter 4.
- » Second, I assume that you've already set up customer opening balances (if required), entering historical sales invoices for any amounts that were owing when you first set up your company file. If you haven't set up customer opening balances yet, make your way back to Chapter 3.

Matching customer payments from bank feeds

In this next section, I explain how to record customer payments using bank feeds. However, if you don't use bank feeds, or you sometimes need to generate receipts for customers on the spot, skip ahead to the section 'Recording customer deposits from scratch'.

Here's how to record customer deposits from a bank feed:

1. **Head to Banking → Bank Transactions. Select the bank account into which you receive customer deposits from the Bank Account drop-down menu to the top left.**
2. **Choose the date range during which you received the customer deposit you wish to record.**
3. **Find any unallocated customer deposits and click the drop-down arrow to the right of the transaction.**
4. **Head to the Match Transaction tab and filter to find the relevant transaction(s).**

Use the Show filter to help you find exactly what you need. I always filter to Show All Transactions.

5. **Select the customer from the Contact drop-down list or simply start to type the customer name in the Search field until it appears.**



TIP

If you're not sure who the deposit was from, use the invoice number in your search instead.

6. **Select the relevant invoice or invoices.**

Tick the checkbox to the left of all invoices that match to this payment. Your customer's remittance advice may be a helpful reference to be sure you match the deposit correctly.



TIP

The oldest invoices are at the bottom of the invoices list; if the list is long, click the Date column heading to reverse the listing.

7. **Check that the Out of Balance amount is \$0.00.**

If the balance is not \$0.00, you may have mismatched something somewhere, so review and re-check the selected invoices. If the transaction still doesn't balance, the customer may have overpaid or underpaid. I cover underpayments and overpayments in the later sections 'Dealing with underpayments' and 'Sorting out overpayments'.

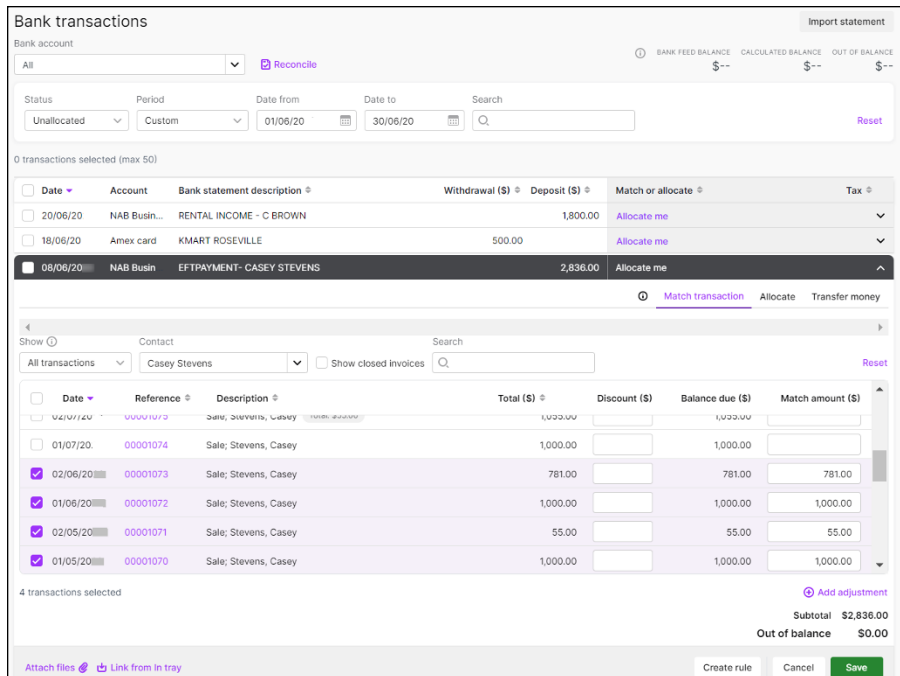
Figure 7-2 below shows a full match through the Bank Transactions page.

8. **Click Save.**

Matching transactions like a pro

Getting the matching process correct is important. Errors can cause issues in other areas of your file, such as when reconciling, reporting for GST or chasing debtors. So, take your time to get this right and understand the workflow and match customer payments correctly.

FIGURE 7-2:
Recording a customer payment through the Match Transaction tab on your Bank Transactions page.



TIP

Here are a few tips for matching customer deposits:

- » If the deposit is from more than one customer (such as a daily EFTPOS deposit), you can still allocate multiple payments from a single transaction. See 'Matching a deposit from multiple customers' later in this chapter for more info.
- » If it looks like something isn't matching right and you have a feeling a customer may have paid you twice for the same invoice, simply tick on Show Closed Invoices to view not just outstanding invoices, but also invoices that have already had payments matched against them.
- » You have the option to add a Discount (\$) amount via the Match Transaction tab here. For example, maybe you offered the customer a 5 per cent discount if they paid your invoice within seven days (who can refuse a discount!). Rather than messing about with the original invoice, simply apply the Discount (\$) amount here as you match the deposit.
- » If a customer pays for just one invoice and there is a deposit for this exact amount in your Bank Transactions, MYOB suggests a Possible Match Found in the Allocate Me tab. Even if this suggestion is accurate, you still need to go ahead and match this transaction — MYOB won't make the match automatically for you.



TIP



TIP

THE LEGALITY ON CHASING DEBT

One thing about business that can be guaranteed is that at some point you will have a customer that doesn't want to pay up, no matter how nice you are. Sadly, chasing up debt is an unenjoyable task for almost everyone. Often it is a mind game, with plenty of psychology behind it as you go far down the path of debt collection. My best piece of advice here is 'prevention is better than cure'. So keep on top of following up invoices as soon as they are due and be super nice to all the accounts people you deal with because if they like you, they are more likely to pay you (a true fact, that!).

The Australian Securities and Investments Commission (ASIC) and the Australian Competition and Consumer Commission (ACCC) have published a guideline (*Debt Collection Guideline for Collectors and Creditors*, available at accc.gov.au/publications/debt-collection-guideline-for-collectors-creditors) on what you can and can't do when chasing debt. I highly recommend you have a read so you know where you stand, especially if you're new to running a business. The guidelines cover how to contact debtors, how often, privacy disclosures around the debt, recordkeeping, working out payment arrangements and engaging formally with a debt collection agency — in other words, it's a thrill of a read. (If you're struggling to get to sleep one night, pull this out and I'm sure you'll have dozed off by a couple of pages in.)

To avoid all this heartache, be on top of your game, consider very carefully who you'll extend credit to and, when starting out, remember that COD (Cash on Delivery) is a very common term of payment, especially for one-off jobs. As your business grows, trade accounts may become inevitable, at which point you can manage debtors by sending out statements, sending invoice reminders and making polite follow-up calls, all of which become important workflows in your business. Hopefully, this will be all it takes to keep the money rolling in.



REMEMBER

- » If you have bank feeds and you record payments using Create Invoice Payment via the Sales menu (perhaps a customer pays on the spot and needs an invoice showing the payment they made), then you still need to match this transaction. However, instead of matching the deposit to the sales invoice (which you can't do, as the invoice is no longer open), you need to match the deposit to the payment you recorded.

Recording customer deposits from scratch

In this section, I explain how to record customer payments if you don't use bank feeds, or if you need to generate receipts for customers on the spot. (If you do use

bank feeds, head back to ‘Matching customer payments from bank feeds’, earlier in this chapter.)

To record a customer payment from scratch:

1. Go to the Sales menu and select Create Invoice Payment.

The Record Payment from Customer page appears.

MYOB automatically allocates the next sequential Reference Number beginning with CR (representing credit of payment) in the top-right field. You can add edit this reference if required; for example, you may like to indicate the payment method here to add more information (such as EFT or Visa) just for completeness, depending on how pedantic you are.

2. Enter the customer’s name in the Customer field and select the Date you received the payment.

3. Select the Bank Account that the payment was deposited into.

If this payment appears as a separate line on your bank statement (for example, a customer deposited funds directly into your bank account), simply choose the bank account into which you received the funds. However, if this payment is part of a batch of payments from several customers (such as a daily EFTPOS deposit), select the Undeposited Funds account.

For more on untangling payments into the Undeposited Funds account, see ‘Grouping Customer Payments’, later in this chapter.

4. Add a Description — generally, I suggest using the customer’s name.

5. Find which invoice or invoices to allocate this payment to and check the checkbox to the left of the invoices that have been paid.

When you select the customer, all open invoices for that customer appear. The oldest invoices are at the bottom of the list; if the list is long, click the Date column heading to reverse the listing.



TIP

If a customer pays all outstanding invoices in one hit (don’t you just love that?), you can simply tick the top checkbox next to the Issue Date column heading, which applies the payment to all invoices shown, saving you time.

Many customers send remittance advices, enabling you to cross-check that the invoices they say they are paying are the same as the invoice you select when recording the payment.

If you’re wondering if the customer may have paid you twice for the same invoice, click Show Closed Invoices to see all invoices for this customer, including those you have previously marked as being paid.

6. Check that the Total Amount Received value matches the value of the customer payment.

When you select an invoice, the Amount Received (\$) is prefilled with the total value of the Balance Due (\$). If customers overpay or underpay, you can change the value in the Amount Received (\$) column. For more on underpayments and overpayments, see the later sections 'Dealing with underpayments' and 'Sorting out overpayments'.

7. Click Save.

To see a customer payment complete and ready to record, check out Figure 7-3.

Record payment from customer

Customer* Fred Loose Reference number* CR000207
Bank account 1-1100 NAB Business 2925 Date* 30/04/20
Description of transaction Fred Loose

Show closed invoices

3 invoices selected

<input checked="" type="checkbox"/>	Issue date	Invoice number	Status	Balance due (\$)	Discount (\$)	Discounted balance (\$)	Amount received (\$)
<input checked="" type="checkbox"/>	27/04/20	00001063	Open	1,100.00		1,100.00	1,100.00
<input checked="" type="checkbox"/>	24/04/20	00001056	Open	110.00		110.00	110.00
<input checked="" type="checkbox"/>	23/03/20	00001062	Open	550.00		550.00	550.00

Total amount received \$1,760.00

Cancel Save

FIGURE 7-3: Recording a customer payment through the Sales menu.

Grouping Customer Payments

As the world moves to a more cashless society, you can expect to receive most customer deposits by EFTPOS, as direct deposits, or via online payment gateways such as PayPal and Stripe. If you receive multiple deposits through one of these channels on any one day, these will be deposited into your bank as one lump sum.

Assuming you invoice customers (and that you're not a retailer simply issuing cash register receipts), you need to keep records of your payments to track exactly who paid what and when.

If you receive payments against customer accounts via EFTPOS, you can track your payments by keeping a receipt spike nearby so when a customer pays, you can print a receipt copy for yourself and along the top write the invoice number that it relates to. Then, when the EFTPOS deposit appears in your bank feed, you can look back at these receipts and match the payments correctly.

Online payment gateways work in the same way, making one deposit per day for multiple customers, but the payment gateway records who paid you and when via their online platform. These platforms all work slightly differently, so you will need to investigate the one you're using and find a way to track deposits that works for you.

In the following sections, I cover the two methods available for grouping these types of customer deposits. Depending on how your business works, you may favour one method over the other — or find that occasionally you need a little of both.

Matching a deposit from multiple customers

If you're a retailer and you don't raise individual invoices to each customer, then you don't need to match daily deposits — this section only applies to deposits that you need to match against outstanding customer invoices.

Follow these steps to match a single bank deposit to more than one customer:

- 1. Locate the deposit arising from multiple customers.**

Go to Banking → Bank Transactions and expand this deposit by clicking the drop-down arrow to the right of the transaction row.

- 2. Head to the Match Transaction tab and filter to Show All Transactions. Select the first customer from the Contact field.**

- 3. Match all the paid invoices for your first customer.**

Use the Contact filter to focus on the first customer, and match the transactions by ticking the checkbox to the left of each relevant transaction.

Check the Subtotal is correct for this customer and if so, move on to the next customer; if not, then double-check what you've matched so far.

- 4. Select your second customer and match their paid invoices.**

Use the Contact field to select your second customer. When you do so, you will see the Subtotal go back to \$0.00 and the Out of Balance amount return to the

full amount (this is okay, because technically you haven't applied any payments to this deposit yet). So go ahead and match up the correct invoices for this customer, again checking the Subtotal amount before you move on.

5. Continue until you have matched all customer invoices.

When you complete matching the last customer's invoices, return the Contact filter to show All. You should see that the full balance has been applied and the Out of Balance amount is \$0.00.

6. Click Save.

Sit back and enjoy a nice coffee and a biscuit having mastered that trickery.



TIP

This ability to match multiple customer payments from a single bank feed transaction is a feature unique to MYOB Business, and one that doesn't exist in the desktop version of AccountRight. However, if you're an AccountRight user and want to experiment with this feature, you can use AccountRight in the browser.

Using the Undeposited Funds account for matching multiple transactions

The idea of an Undeposited Funds account is that you record customer payments as individual transactions, depositing every payment into your Undeposited Funds account. Once you've recorded these payments, you create a bank deposit that transfers the total amount out of Undeposited Funds and into your bank account. In a perfect world, the balance of your Undeposited Funds account returns to zero, and the combined value of the customer payments shows up as a single amount in your bank account, ready to match with your bank feed.

I tend to use the Undeposited Funds account for clients who receive lots of customer payments every day, and where these payments are combined into only one or two bank deposits. (The method I explain in the preceding section, for matching a deposit from multiple customers, works well if you're only receiving payments from three or four customers in a single deposit, but is too fiddly for any more customers than that.)

Here's how the whole deal works:

1. Record your first customer payment using the method I describe earlier in this chapter, in the section 'Recording customer payments from scratch', but with the key difference that as your bank account, you select Undeposited Funds.

You can see what this payment might look like in Figure 7-4.

If you don't have an Undeposited Funds account in your Chart of Accounts, you can easily create one — be sure the Account Type is set to Bank and the Tax Code is N-T. If you need guidance on setting up accounts, turn to Chapter 2.

Record payment from customer

Customer *
Fred Loose

Reference number * EFTPOS

Bank account
1-1500 Undeposited Funds Account

Date * 30/04/20

Description of transaction
Fred Loose

Show closed invoices

3 invoices selected

<input checked="" type="checkbox"/>	Issue date	Invoice number	Status	Balance due (\$)	Discount (\$)	Discounted balance (\$)	Amount received (\$)
<input checked="" type="checkbox"/>	27/04/20	00001063	Open	1,100.00		1,100.00	1,100.00
<input checked="" type="checkbox"/>	24/04/20	00001056	Open	110.00		110.00	110.00
<input checked="" type="checkbox"/>	23/03/20	00001062	Open	550.00		550.00	550.00

Total amount received \$1,760.00

FIGURE 7-4: Recording a customer invoice payment using the Undeposited Funds account.

2. Repeat this process for each customer payment for that day.

For example, perhaps you received six customer payments via EFTPOS that day. Record each payment individually, selecting Undeposited Funds as the bank account each time.

3. Go to the Banking menu and select Receive Money.

Now what you're getting ready to do is to transfer the total amount received out of Undeposited Funds.

4. Select which Bank Account you want to transfer the money into.

For example, if your EFTPOS deposits go into your business transaction account, select this account.

5. Enter the date of the deposit in the Date field.

Optional: You can also enter a note in the Description field at this point.

6. For the Account in the first column under the Description field, select the Undeposited Funds account.

7. Enter the total value of the deposit in the Amount field, leaving the Tax Code as N-T.

So, if you received five EFTPOS payments, each one of which was \$200, and the total value of the EFTPOS settlement that day was \$1,000, then you enter \$1,000 as the amount. You can skip the Quantity and Description fields.

8. Click Record.

When you click Record, MYOB transfers the total from your Undeposited Funds account into your regular bank account. This amount hopefully then correlates with the deposit on your bank feed for that day.

9. If you're using bank feeds, match the deposit transaction to the Receive Money transaction.

You need to match the deposit in the bank feed to the Receive Money transaction you've created.



TIP

Once you get confident working with your Undeposited Funds account, you can actually skip steps 3–8 entirely. Instead of recording deposits in Receive Money and then matching them against your bank feed, you can simply work directly from your bank feed, allocating all customer payments batches to your Undeposited Funds account.



TIP

10. Check that the balance of your Undeposited Funds account has returned to \$0.00.

The balance of your Undeposited Funds account should return to \$0.00 after each deposit. To make sure that this is the case, go to Reconcile Accounts, enter Undeposited Funds as the Account, mark off all the withdrawals and deposits for that day, and check that the Closing Bank Statement Balance is \$0.00.

Chapter 9 talks more about reconciling accounts.

Building Your Survival Kit

In today's world, a survival kit is more about knowing how to deal with the stress and anxiety of dealing with the problems that arise. To survive in the harsh world of accounting software, you just need to arm yourself to know how to fix up mistakes: Your mistakes, your customers' mistakes, your employees' mistakes. And that's what the next few pages are all about.

Following the customer payments trail

Some days have passed since you entered a customer payment, and now you want to take another look at this transaction. If you put five bookkeepers in a room,

they would all have their own way to get to the pot of gold, so find the pathway that speaks best to you:

- » **Find the payment's history via the customer:** One of the best places to start is with the customer. Head to Sales → Invoices, select the customer from the Customer drop-down menu, and change the Status to Closed. Find the invoice against which you applied the payment, and click the Invoice No to display this invoice. Scroll to the bottom, where the Activity History displays payments received and payment dates. To view a particular payment, click the purple reference number next to Payment Received.
- » **Search the bank feeds:** If you recorded this payment straight from a bank feed, jump into your bank transactions (Banking → Bank Transactions) and use the Search field to find the payment, using the customer's name, the invoice number or the amount paid. The date filters may help to narrow/widen your search. When you find the deposit, click the drop-down arrow to the far right to see how the payment has been allocated.
- » **Use Find Transactions:** Go to Banking → Find Transactions and select the Transactions tab. Filter the Source Journal by selecting Cash Receipts and voilà, a list of all customer payments appears (including both invoice payments and Receive Money transactions). Search by name, invoice number or amount, and once found, click the purple reference number to open the payment. Couldn't be easier!

Changing customer payments

To change a customer payment, first find the payment and click the reference number to open the payment. (Refer to the preceding section 'Following the customer payments trail' if you're not sure how.)

You can change the date and bank account of a customer payment transaction. However, if this payment is a bank feed match, such edits put you at risk of accidentally doubling up the transaction. If you change certain fields, MYOB thinks you're creating a different transaction to the bank feed transaction and will record the adjusted transaction, pushing the original transaction back to your bank transactions to be allocated again. So don't risk it — delete the payment and correctly match the payment via the Bank Transactions page.

Deleting customer payments

You may want to delete a customer payment for a few reasons. Maybe you allocated a payment to the wrong customer or entered a payment twice. (MYOB won't

let you change the amount or customer name on customer payments; rather, you can only delete the payment and start again.)



WARNING

Although I explain in these steps how to delete a customer payment, my explanations come with a hefty warning. So read on, but do read carefully:

- 1. Find the customer payment and click the reference number to open the payment.**

Refer to 'Following the customer payments trail' earlier in this chapter if you're not sure how to locate this customer payment.

- 2. Consider if you have completed your bank reconciliation past the date of this payment.**

Before you delete any transaction, consider if you have reconciled the bank past the date of the payment transaction. For example, if the payment transaction I wish to delete is dated 1 June but I have reconciled to 30 June, deleting the transaction will impact my reconciliation.

If you have reconciled your bank, just be aware that by deleting the transaction you are removing it from the completed bank reconciliation. If you're using bank feeds, you will need to reallocate this payment from the Bank Transactions window; if you entered this payment manually, you'll need to record it again. Either way, this payment will appear as unreconciled when you return to your bank reconciliation, which will need to be reconciled again as at that same date.

Chapter 9 covers bank reconciliation in case you want to familiarise yourself with this process first.

- 3. Scroll down to the bottom left of the payment and simply hit Delete.**

In the blink of an eye, MYOB deletes the payment and closes the payment window. The deed is done.



WARNING



REMEMBER

MYOB Business does not have the option to reverse a payment but only to delete a payment (in case you are familiar with reversing payments in AccountRight).

Dealing with underpayments

Depending on the circumstances, you have five different methods of recording payments when a customer underpays:

- » **Employ water torture.** Forget that Bill of Human Rights — just kidding!
- » **Raise a credit note and write off the difference.** If the underpayment is relatively minor and you can't be bothered chasing up the customer for the

difference, the easy approach is to raise a credit note. For the full chapter and verse on credit notes, refer to Chapter 4.

- » **Leave the underpayment sitting on the customer's account.** If you record a customer payment and leave the shortfall as an amount owing on an invoice, this amount shows up on the customer's next statement. Chances are that your customer will make up the shortfall next time they pay you.
- » **Change the invoice.** Ahem. This method is a bit rough and ready and not what any auditor would recommend. However, if the shortfall is only a few cents, you can get away with opening the original invoice and changing the amount to balance back to \$0.00.
- » **Use the Add Adjustment feature when matching the payment.** This is a sneaky way to create a quick adjustment so everything balances (see the later section 'Creating account adjustments on the fly').

Sorting out overpayments

If a customer overpays by a few cents and you are matching via bank feeds, the swiftest solution is to use the Add Adjustment feature (see the later section 'Creating account adjustments on the fly').

However, if a customer overpays by anything more than a few cents, don't let temptation lure you in. There's no point in grabbing the loot and running to the closest casino to find more lady luck. You'll need to come clean and either (a) apply the credit against the customer's account, or (b) send the customer a refund.



REMEMBER

The option you choose here should be the customer's decision too, so be sure to get in touch with them to notify them of the said overpayment and whether they prefer option (a) or (b).

Applying overpayments against a customer's account

This method works well if a customer double-pays a specific invoice, or makes a payment for more than the total amount they owe you. Here's how to create a credit and apply the overpayment against a customer's account:

1. Go to record the customer payment in the way you normally would.

This could be by going to the Create Invoice Payment window, or this could be by matching a payment from your bank feeds.

2. Decide which invoices to match or apply this payment against.

You can usually look at the remittance advice the customer has sent you in order to figure out which invoices the customer thinks they're paying. If the customer hasn't sent a remittance, you may wish to contact them to confirm what invoices they thought they were paying. Once you have matched the amount to all the correct invoices, the out of balance amount should display the value of the overpayment.

For this example, say the overpayment is \$1,000.

3. Decide which invoice you want to apply the overpayment against.

If this is a double-payment, then apply the overpayment to the invoice the customer has paid twice. If this is a random overpayment with no rhyme or reason, select the most recent matched invoice.

In Figure 7-5, for example, you can see how I've added the overpayment amount of \$1,000 to the last matched invoice amount of \$55, meaning that I'm applying a payment of \$1,055 against this invoice.

The Match Amount (\$) field turns blue with an attached *i* icon indicating an information box (towards the left), which advises of the impending credit (see Figure 7-5).

Date	Reference	Description	Total (\$)	Discount (\$)	Balance due (\$)	Match amount (\$)
02/06/20	00001085	Sale; Stevens, Casey	55.00			
01/07/20	00001074	Sale; Stevens, Casey	1,000.00			
02/06/20	00001073	Sale; Stevens, Casey	781.00		781.00	1,781.00
01/06/20	00001072	Sale; Stevens, Casey	1,000.00		1,000.00	1,000.00
02/05/20	00001071	Sale; Stevens, Casey	55.00		55.00	55.00

3 transactions selected

Subtotal \$2,836.00
Out of balance \$0.00

Create rule Cancel Save

FIGURE 7-5:
Applying overpayments to a customer's account.

4. **Click Save.**

The credit of \$1,000 is generated automatically; you can find this credit by going to Sales → Customer Returns. It will sit here against the customer's account until you apply it to a future invoice.



WARNING

If this customer has double-paid a particular invoice but has other invoices outstanding, you may prefer to apply this overpayment to those invoices, thus saving yourself the complexity of generating and applying credits. While this is perhaps the simplest approach, do check with your customer first, as they may not be aware of the overpayment, and may prefer for you to allocate this differently.

Sending a refund

In the next steps, I assume you're sending a refund to a customer because they have a credit on their account. They may have a credit because they've overpaid (in which case, record the overpayment in the way I explain in the steps in the preceding section), or they may have a credit because you've issued them with an Adjustment Note, perhaps for returned or damaged goods.

Enough whys and wherefores, here's what you gotta do:

1. **Go to Sales → Customer Returns.**

This opens the Sale Returns and Credits page.

2. **Find the credit you want to refund and click Refund on the same line.**

The Record Customer Credit as Refund page appears (see Figure 7-6 for an example).

3. **Review the details of this transaction, such as the bank account and date.**

Check the bank account selected is correct (this is the account you will be deducting the funds from to pay the refund) and also the date you will make the refund payment. I often choose to write a short novella in the Description field at this point, explaining why I'm issuing this refund.

4. **Click Record.**

Now all you have to do is actually pay the customer their refund through your internet banking.



TIP

If you realise you made an error recording the refund, don't sweat it. Go to Find Transactions (in the Banking menu) and search the Cash Payments journal to locate the refund credit you've applied. You can delete the refund, which will push the credit back to the customer returns area for you to re-action.

5. Look out for the withdrawal in the Bank Transactions page to match it.

If you're using bank feeds, when you see the withdrawal appear in your bank transactions, you need to match this amount to the credit transaction that you just created.

Record customer credit as refund

Customer: Casey Stevens

Reference number*: 330

Bank account*: 1-1100 NAB Business 2925

Date*: 10/06/20

Refund amount (\$)*: 1,000.00

Description of transaction: Casey Stevens: Credit from 00001073

Buttons: Cancel, Record

FIGURE 7-6:
Recording a
customer refund.

Matching credits against debits

Have you ended up with credits sitting against a customer's account? If they have invoices outstanding and you want to apply the credit against these invoices, here's what to do:

1. Go to Sales → Customer Returns.

This opens the Sale Returns and Credits page. You should see the credit amount you created sitting here, pretty as a picture.

On the far right you have two possible actions — Record Refund or Apply to Sale.

2. Click Apply in the Apply to Sale column for the relevant credit.

As you are applying the credit to an invoice, choose Apply rather than Refund.

Once you select Apply, the Apply Customer Credit to Sale page appears, prefilled with the customer, the amount and all open invoices listed.

3. Select where you want to apply this credit (generally to the oldest invoices first) and hit Record.

Creating account adjustments on the fly

If you're using bank feeds, one nifty way to make adjustments to customer accounts is the Add Adjustment feature.

Imagine you're in the middle of matching a customer payment from a bank feed and you find that the customer has overpaid by \$0.05, similar to Figure 7-7. MYOB won't let you record this transaction because it doesn't balance.

To make a quick adjustment without resorting to raising a new customer invoice, here's what to do:

1. Click the Add Adjustment button.

Missing in action? This little button appears just above the Subtotal (on the Match Transaction tab).

2. Select the account you want to allocate this amount to.

You're usually best to simply select the same income account and tax code as the original sale.

3. Check the Out of Balance amount is now \$0.00.

4. Click Save.

Here are some tips to help you along the way:



TIP

- » This Add Adjustment feature is good for adjusting small amounts, such as when someone short-pays by a few cents, or there's a minor adjustment to the amount charged. For large adjustments, refer to earlier sections in this chapter 'Dealing with underpayments' and 'Sorting out overpayments' instead.
- » For underpayments, you'll need to first type the exact amount of the total value of the last matched invoice in the Match Amount field. This will give you a negative out of balance amount, which you then adjust by typing a negative amount in the Add Adjustment field.
- » If you find an entire invoice is missing (perhaps you issued a receipt but didn't raise a sale, or perhaps a customer made a deposit into your account without requiring an invoice), you can use Add Adjustment to record this income without generating an invoice.

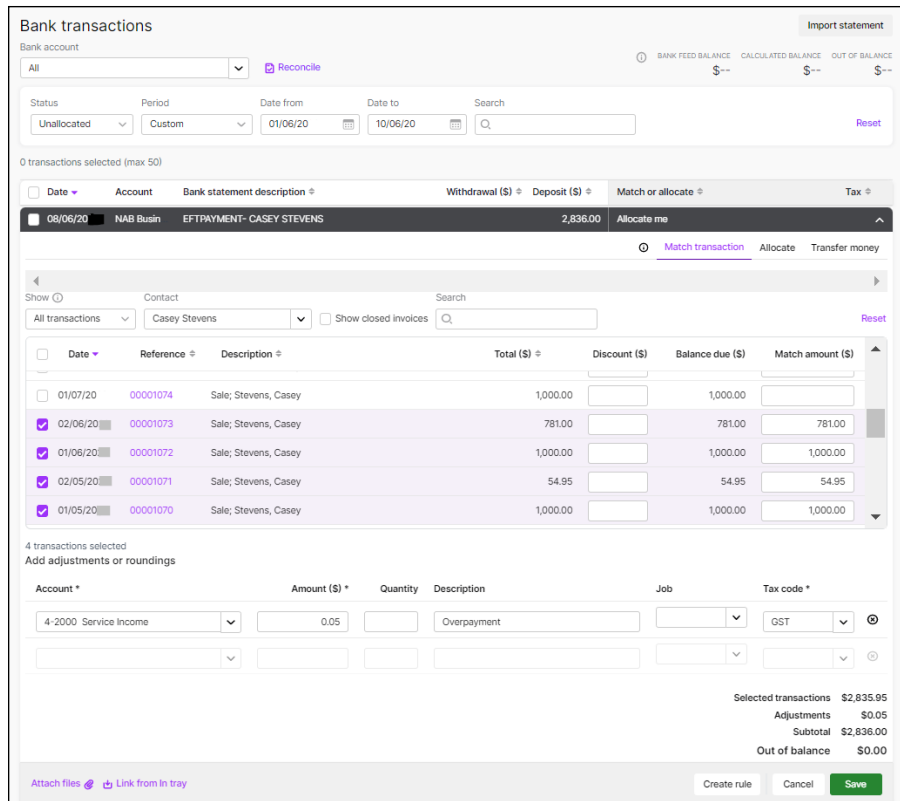


FIGURE 7-7:
Matching payments and utilising the Add Adjustment feature.

Yee Haa! Someone Else Has Given You Money

Sometimes you receive money from sources other than your customers. Perhaps you receive a refund from Optus, the bank pays you some interest or the government has been generous again with its apprentice rebates. Here's how to record these kinds of transactions.

Recording money that's not from customers

Okay, if you receive money that's not a customer payment (that is, it's got nothing to do with a sales invoice), you still want it, right?

Non-customer-related deposits come from lots of sources, including bank interest, supplier refunds, insurance payouts, receipts of bank loans or tax refunds.

Enough of the chat, here's what to do next:

1. From your bank transactions, find the deposit and click into the Allocate Me field.

Alternatively, if you're not using bank feeds or you're recording cash, go to the Banking menu and select Receive Money.

2. Select the relevant Account and Tax Code for the deposit.

For more about choosing accounts, see the next section, 'Figuring out which account to pick'.

If you're not using bank feeds, you also need to enter the date and the amount received at this point.

3. Optional: Fill in the Contact box and add a transaction description.

To add this information (completing the Contact field may be helpful for reporting later on), you need to click the drop-down arrow to the right of the transaction.

4. Click Save.

Or, if you're recording a Receive Money transaction, click Record.

Figuring out which account to pick

When recording any kind of incoming payment that doesn't come from a customer, selecting the correct account can be confusing. But, never fear, Table 7-1 provides a handy reference.



TIP

If you still don't have the foggiest where to allocate a deposit, create a new expense account called 'Queries to Code', with the Tax code QUE (which I help you create in Chapter 16) and use this as your allocation account. Chapter 6 talks more about using query accounts.

TABLE 7-1**Matchmaking Receipts and Accounts**

Type of Receipt	Comments	Use This Tax Code	Use This Account
Bank interest	If bank interest is the main form of income for your business, create an Interest Income account with Income as the account type; if it is occasional interest paid for having a nice bank balance, then create an Interest Income account with Other Income as the account type.	FRE	Interest Income (either an income or other income account)
Contribution of owner funds	If you're depositing your own money into your business bank account, select either Owner's Contributions (if you're a sole trader or partnership) or Loan from Directors (if you're a company).	N-T	Owner's Contributions (equity account) or Loan from Directors (liability account)
Proceeds from an insurance claim, including workers comp claims	Create an account called Insurance Recovery with Other Income as the account type.	Check the paperwork from the insurance company carefully, as some claims include GST, but others don't	Insurance Recovery (other income account)
Receipt of funds as proceeds from a bank loan	For money from bank loans, create a new liability account called Bank Loan. If you have more than one bank loan, include as much of the account number as fits in the Account Name.	N-T	Bank Loan (liability account)
Supplier refund	As your allocation account, select whatever expense this supplier normally gets allocated to. For example, if Optus sends you a refund, allocate the payment to Telephone Expense. This transaction then credits your Telephone Expense, which is just right.	Whatever tax code you normally select for this supplier	Whichever cost of sales or expense account relates to this supplier
Tax refunds	For Business Activity Statement refunds/payments, split the payment across GST Paid and GST Collected (see Chapter 16 for details). For company tax refunds, allocate to Provision for Company Tax.	N-T	GST Paid, GST Collected, Provision for Company Tax (all liability accounts)

IS ALL INCOME THE SAME?

MYOB has two different kinds of income accounts:

- Regular income accounts that start with the number 4 and report the income you generate from conducting your business.
- Other income accounts that start with the number 8, and report all non-sales-related monies received.

So why does this really matter? Isn't income just income? Yes and no. The key reason why you want to separate business income from other income is so you can generate a meaningful Profit and Loss report. In MYOB, all your business income (the accounts that start with the number 4) sit at the top of your Profit and Loss report, followed by cost of sales accounts (which start with the number 5), followed by a line that calculates gross profit.

For many businesses, gross profit is a pivotal number that enables good business decisions, indicating the margin on goods or services and whether you're selling at the right price. By excluding non-operating income from this calculation, you avoid distorting this figure.

Below gross profit, your Profit and Loss report displays expenses (accounts that start with the number 6), followed by your operating profit, or as some like to call it, the 'bottom line'. Operating profit is followed by Other Income (accounts that start with the number 8) and Other Expenses (which start with the number 9), to arrive at your final net profit figure.

In short: For good reporting and better insights, you do need to separate regular business trading income from other sources of income.

Sending Customer Statements

The older an account is, the less likely the customer will pay, making overdue monies so much harder to recover. So stay on their case and send every customer a statement as soon as their account falls due, making sure that before you do so, you've allocated all income received — nothing upsets a customer more than receiving a statement for an invoice they paid a few weeks ago!

Letting customers know how much they owe

Here's how to send your customers a statement showing how much they owe:

- 1. Go to your Sales Settings (under the Settings menu), followed by the Email Defaults tab. Check the default Reply-to-Email Address, then scroll down to the Default Statement Email section to check the default Subject and Message.**

Take care to add the correct reply email, as you want to give customers every chance to communicate.



TIP

The defaults you select here will appear on every statement you send, so ensure you're happy with the wording. You can always change this message from time to time, maybe mentioning special offers, holiday closures or information about payment terms.

- 2. Go to the Sales menu and select Customer Statements from the drop-down menu that appears.**

The Customer Statements page appears.

- 3. Select the Statement Type.**

You can choose between Invoice statements and Activity statements. I explain the difference between these two types in the next section.

- 4. Enter either a Statement Date (for Invoice statements) or From and To dates (for Activity statements).**

If you choose a Statement Date for Invoice statements, you can tick the option to Only Include Invoices up to Statement Date. This works well if you're already a few days into the month but you want to generate statements that include account activity up to the end of the previous month only.

- 5. Decide who you want to send a statement to and filter to All Customers or select particular customers if you want to send a statement to only some of your customers.**

I tend to send this love letter to all customers at the end of the month (so no one gets jealous) and then mid-month, I send an additional round of statements to any customers whose accounts are significantly overdue. To send to All, check the box to the left of the Customer name (the column heading at the very top); alternatively, select customer names one at a time as needed.



TIP

6. Check your statements are looking good.

If this is the first time you're sending customer statements and you want to check what your customers will see when they receive a statement, click the Download PDF option, followed by the Print or Preview button. (Chapter 13 talks more about customising statements, and other forms.)

7. Select your delivery option.

When you select a customer, two buttons appear at the top: Download PDF and Email. If you select Email, the email window appears, from where you can review your default email message and ensure the correct statement template has been selected. If you select Download PDF, you can select your statement template and download a PDF file, which you can later attach to an email or even print out.

Choosing your statement type

When you generate a customer statement, you can choose between an Activity statement and an Invoice statement.

Invoice statements are super straightforward — they simply list all invoices with any amounts outstanding. They don't include any amounts that have already been fully paid.

On the other hand, an Activity statement shows *all* transactions on a customer's account for any specified date range, starting with the opening balance outstanding and then listing every single sale and payment.



WARNING

I cringe when I receive an Activity statement as it looks so confusing. The only time using this statement is beneficial is if there's a disparity between your records and the customers, as this shows them every transaction on the account, helping you both to identify problems and arrive at a point you can both agree on.



TIP

For a report that includes all customer transactions, including a running balance, your best bet is the Customer Transactions report, found under the Sales tab of your Reports menu — it works a treat!

Chasing Money

When you're chasing up who owes you money, you truly see the benefits of MYOB's growth into a business management platform. While accounting software helps you create, send and manage invoices, MYOB now builds on all the areas of

your income workflow and ultimately provides the tools to help improve cashflow — which is vital for any business.

Do take a look and try to adopt these game-changing tools in your business. In the last few pages in this chapter, I explain how to send invoice reminders and offer customers online payment options, all from within MYOB. Finally, and most regrettably, I explain how to write off a bad debt.

Using invoice reminders

Want to get money in your pocket by doing the least amount of work? Then invoice reminders are what you've been looking for. They provide you with a gentle way to nudge your customers for payment of invoices without you even turning on your computer.

I used to spend hours each month resending invoices, reminders and statement copies to customers in an effort to get them to pay up. These days, all I need to do is switch on my invoice reminders, customise my frequency, choose my customers and let MYOB do its job.

Invoice reminders are quick and easy to set up:

- 1. Go to your Sales Settings (under the Settings menu).**
- 2. Click on the Reminders tab, then click Reminders Settings.**
The Reminders and Unpaid Invoice Summaries window appears.
- 3. Tick the Send Invoice Reminders checkbox to enable invoice reminders.**
- 4. Choose which customers to remind.**

You can remind all your customers or just those that are persistently late paying you. If you choose Send to Specific Customers, you need to adjust the invoice reminder setting for each Contact, one by one, and MYOB will send reminders to these customers.

- 5. Customise your invoice reminders.**

You can set up to five different reminders, each one set up to send at a different time and with a different email message. You may choose to get a little pushier as time goes on to encourage your customers to pay up.

MYOB offers three suggested invoice reminders but you can add a couple more if you wish (simply click Add Reminder).

6. Click on the pencil icon to view and/or edit the default email message as required and click Save.
7. Close the window and the invoice reminders will take care of themselves.



WARNING

For invoice reminders to be effective, you need to record customer payments every single day. If you don't match payments daily, sooner or later customers will receive reminders for invoices they've already paid. Such reminders are likely to cause your customers stress and take up your time answering unnecessary queries.

Thank heavens for credit cards

Another strategy to help get money in from customers is to let them pay their bills on their credit card. You can set up Online Invoice Payments (OIP) from directly within MYOB. OIP is a secure payment service that gives your customers an easier and faster way to pay you. They can pay using Visa, Mastercard, Amex, BPAY, PayPal, Apple Pay and Google Pay (with Apple Pay and Google Pay, you get paid even faster).

A few facts about OIP:

- » OIP is a merchant facility offered by the bank, so you betcha there's a fee (no set-up costs, but a merchant fee of 1.8 per cent of the total invoice and a \$0.25 transaction fee). However, you can choose to pass the merchant fee on to the customer if you like.

The fees are pretty competitive but the bonus is you have no initial outlay for machines or readers. For me, the best bit is you also don't have to spend time integrating with a different POS (Point Of Sale) system as OIP operates within MYOB Business.

You can't pass on the merchant fee for customers choosing BPAY; however, if they pay immediately instead of after 30 days then this fee could be worth you paying, especially if you only switch it on as a payment option for your usual late payers.

- » It takes around ten minutes to apply for OIP. You'll find there are some checks and balances that MYOB and the bank need to do, but once you're set up, OIP is as easy as pie to use.

To apply, you need to have the following to hand:

- Your ABN and business details.
- Proof of your identity, such as a driver's licence or passport.
- Your bank details — that is, where you want the funds to be deposited.



WARNING

- Estimates of your total annual sales and a guess at the approximate number of OIP transactions per month.
- » You can pick which customers you want to offer this payment option to and which ones the traditional bank transfer works fine for — you control the offering.

To set up OIP, head to your Sales Settings (under the Settings menu) and go to the Payments tab. At the bottom in the Online area, click Set Up Online Payments Options. This opens an information page with a short video and a link to some useful resources.



TIP

You can also access this link when you create an invoice — when you go to Sales → Create Invoice, click Start Getting Paid Online (next to the online payments icons) to set up OIP.

When you're ready, click the green Get Set Up button and you will be taken through the process of setting up OIP. When you're finished, you'll receive an email from MYOB letting you know your application has been received.

Once your application is approved, all new invoices you create will show the option (under the date block) to Allow Online Payments. Tick this checkbox if you want to give this particular customer the option to pay this way. A second checkbox (Apply Surcharge) gives you the option to pass on the merchant fee and apply the surcharge to the invoice.

Figure 7-8 shows these options and how you can control them.

FIGURE 7-8:
Allowing customers the option to pay using online invoice payments (OIP).

Description	Account *	Amount (\$) *	Job	Tax code *



REMEMBER

If a customer pays via OIP, MYOB will automatically match this payment to the invoice as paid (meaning it will match the invoice payment to the bank feed and clear the payment from the Bank Transactions page) so that it will not be picked up through your invoice reminders (if you have them switched on). Invoice reminders and OIP work really well together, just like peanut butter and jelly.

PAYING ONLINE WITH QR CODES

Customers can pay you online — even from a printed invoice. If you have OIP switched on and they have lost the email, or if you've download the invoice as a PDF before sending it to them, they can still easily pay you via the QR code that is automatically added to the bottom of all invoices. Your customer needs to open the camera on their smartphone and focus on the QR code, and a pop-up or link will appear that takes them directly to your invoice. They then simply click Pay Now and ta-da! All done.

If you don't have OIP switched on, the QR code still appears just to let customers view your invoice online so they can pay via bank transfer. This is great because if the client can't remember if they've paid or not, they can scan the QR code and view the invoice online to see if it is still outstanding.

Show no mercy — cut 'em off

If a customer won't pay, cut 'em off. It's as simple as that. They are not worth your time and energy and may end up costing you money in the long run. Cutting them off can mean moving them back to COD (so they need to pay up front before they receive your goods or services), or refusing to supply any more goods or services until their account is paid in full.



TIP

As your business grows, review your Unpaid Invoices or Receivable Reconciliation with Tax reports (Reporting → Reports → Sales) every single week to keep a close eye on who owes you what and when these amounts are due (refer to the earlier section 'Seeing How Much You're Owed' for more on these reports).

Don't wait until it's too late and you're already strapped for cash before you get on the phone and ask your customers to cough up. Have a system in place that becomes routine to manage your debtors. If your customers know you're on the case, they're more likely to pay you before others — you always want to be the squeaky wheel getting the oil (but in the nicest way, of course).

Know when it's a dead end

You need to be both a fortune-teller and a pragmatist when chasing money; fortune-telling skills help you predict which customers may not pay, and pragmatism helps you accept the fact that some customers, no matter how hard you try, are never going to cough up.

So, in the name of pragmatism, here's how to write off a bad debt:



TIP

- 1. Go to the Sales menu and click Create Invoice.**
- 2. Enter the customer's name (who has the bad debt) then enter the original invoice number, adding BD (Bad Debt) before the number to ensure a link between the original invoice and the resulting bad debt.**
- 3. Optional: If you use the Services and Items layout, change the invoice layout to Services by clicking the cog wheel to the far right.**

This change makes the bad debt write-off process easier because you only need to add one description and enter one total amount.
- 4. In the Description, write a short story about the bad debt and why you're writing it off (for anyone looking in).**
- 5. As the allocation account, select the Bad Debt Expense account.**

If you don't already have an expense account by this name, create one now. Turn to Chapter 2 to remind you how.
- 6. Enter the amount you're writing off as a negative figure and make sure the amount of GST comes up correctly to match the original invoice.**

Check the Invoice Total is the same as the original. If GST was included on the original invoice, make sure that GST is on the bad debt invoice also.
- 7. Click Save.**

A Save Invoice? pop-up appears advising that you will be creating a customer credit as the invoice is negative, which is what you want, so hit Save again.

Your bad debt invoice should look like the example in Figure 7-9.
- 8. Go to the Sales menu → Customer Returns.**
- 9. To apply this credit to the original debt and record the bad debt as an expense, locate the credit (the invoice number starting with BD) you just created and click Apply in the Apply to Sale column.**

The Apply Customer Credit to Sale page appears, prefilled with the customer, the amount and all open invoices listed.
- 10. Apply this credit against the outstanding debt in the same way you would apply a payment, and then click Record.**

Create invoice

Customer*
John Johnston

No ABN provided No open quotes

Billing address
22 Grey Ave
Clearview WA 6111

Invoice number* BD1056

Customer PO number Bad Debt

Issue date* 30/06/20

Due date* 30/07/20

VISA Mastercard American Express PayPal

Allow online payments

Amounts are Tax inclusive
 Tax exclusive

Description	Account *	Amount (\$)	Job	Tax code *
Bad Debt - Contacted Customer several times over the last 6 months. No resolve	6-6601 Bad Debt	-1,100.00		GST

Notes to customer Save as default

We appreciate your business.

We appreciate your business.

Subtotal - \$1,100.00

Freight (\$) Set up freight account

Tax - \$100.00

Total - \$1,100.00

Amount paid (\$) 0.00

Balance due - \$1,100.00

View PDF Email invoice Send invoice Save as recurring Prefill from recurring Cancel Save and... Save

FIGURE 7-9: Create an invoice with a negative amount to record a bad debt.

ALTERNATIVE PAYMENT GATEWAYS

As a consumer, you're sure to have used an alternative payment gateway at some point (for example, Afterpay and Square). These are Alternative ways for businesses to get paid faster, more easily and more securely. In today's world, with the move towards being cashless (accelerated by COVID), you can expect to see more of these options appear.

If your specific business needs are not met by the use of OIP (for example, if you have a subscription-based business like a gym), an Alternative payment gateway may help you with creating direct debits and collecting fees. Many of these gateways encourage payments in advance, which is a great way to trade if you can.

If you haven't encountered these gateways yet, take a look around and do some research on the cost, functionality and usability for your business. Your accountant, bookkeeper or industry colleagues may also have some recommendations. To find out which payment apps integrate with MYOB and may best fit your business, click your business name and select App Marketplace.

IN THIS CHAPTER

- » Creating and sending purchase orders
- » Receiving goods and recording supplier bills
- » Entering bills quickly using the In Tray
- » Reporting for taxable payments
- » Deleting and changing purchases
- » Paying up, with blinding efficiency
- » Troubleshooting odd amounts, credits, unloved debits and more

Chapter 8

Purchases and Supplier Payments

Many people new to running a business take a while to realise how important their suppliers are. Instead, they focus on building relationships with their customers. But the truth of the matter is this — suppliers are as important as customers, because without suppliers you wouldn't have any goods to sell.

A supplier needs to know what you want, when you want it and where you want it. They need to know when you'll pay them, and how. And guess what? In this chapter, I show you how MYOB helps with all these things, and more.

Deciding Whether You Need to Read This Chapter

Before plunging headlong into this chapter, pause for a moment, as this is an area many new MYOB users waste their precious time on unnecessarily. Ask yourself, do you actually need to record purchase orders or supplier bills? Maybe not. Probably half of all small businesses using MYOB don't really need to record purchase orders or supplier bills — and they get the same reporting results.

Assuming you don't require inventory management, recording bills as purchases (rather than simply recording them as expenses when you pay for them) is a choice. You may find that using purchases is more trouble than it's worth, particularly if you don't buy many goods or services on credit. In this case, you can skip this chapter (yee-haw!) and keep things simple by allocating all expenses straight to an account from your bank feeds.

On the other hand, you may find that using purchases offers the following benefits:



TIP

- » At the click of a button, you can see exactly how much you owe suppliers at any point in time.
- » You can see what bills you have to pay when, and plan your cash flow better.



TIP

CLAIMING GST ON UNPAID SUPPLIER BILLS

When you first register for GST, you have to choose whether to report for GST on a cash or an accruals basis (refer to the ATO to determine which basis is applicable to your business). If you choose to report for GST on an accruals basis, you need to account for GST on all outstanding supplier bills, not just the ones you've already paid.

This means that if you want to produce a report that claims all the GST credits due on supplier bills (both the ones you've paid and the ones you haven't yet paid), you need to record these as bills in your accounts. To do this, you use the Purchases menu.

Most retailers fall into this category. Because they own shops, almost all their sales are cash, but the stock they purchase is almost always on account. (That's why it's good for them to report on an accruals basis.) To claim all the GST credits as soon as possible, they record all supplier bills as Purchases in their accounts.

Clear as mud? For more on this fascinating topic, make your way to Chapter 16.

- » When payment is due to suppliers, processing payments can be quick, easy and efficient.
- » If you report your Business Activity Statement (BAS) on an accruals basis, you can claim GST on bills that you've received but haven't paid for yet. For more on this, see the nearby sidebar 'Claiming GST on unpaid supplier bills'.

If you're not sure whether to enter supplier bills as purchases, you're probably best to start by keeping things simple, allocating transactions directly from your bank feeds to start with. Then, once you're more confident in MYOB, you can always return to this chapter and experiment with recording purchases and supplier payments in a more detailed way.

Creating Purchase Orders

Want to know how to create purchase orders to send to suppliers? The next couple of pages in this chapter explain just how.

Ordering up big time

Here's how you create a purchase order:

1. Go to Purchases → Create Purchase Order.

Easy peasy.

2. Fill in the supplier's name and check the Report to ATO via TPAR checkbox if required.

Start typing the name of your supplier in the Supplier field or click the drop-down arrow to select from your supplier contacts. If this supplier isn't in MYOB yet, type their name and click Create Supplier. (Refer to Chapter 2 for more on adding new contacts.)

If you're unsure whether you need to check the Report to ATO via TPAR checkbox, skip ahead to 'Hitting up the ATO with TPAR' later in this chapter.

3. Confirm your Shipping Address (where you want the goods to be delivered) is correct.

MYOB picks up your shipping address from the information in the Contact details saved in the Business Settings section (under the Settings menu), but you can edit this here if needed.

4. Check the Purchase Order Number and the Issue Date.

Unless you have a different kind of numbering system, go with whatever Purchase Order Number comes up (the number automatically increases by one with every new purchase order).



TIP

If you want to look like you've been trading for a while, start with a high number (such as 1,000) for your first purchase order.

The Supplier Invoice Number field can remain blank for now, and the Issue Date is normally just the current date.

5. Select Tax Inclusive or Tax Exclusive.

If you have a price list or a quote from your supplier, follow their lead; generally, suppliers provide tax-exclusive prices, so align with what they provide.

6. Click the Layout button (the purple cog wheel, just above the Tax Code column on the right) and select the appropriate purchase order layout.

Depending on how you trade, a simple Services layout may suffice. If you are buying and selling goods in quantities or using the Inventory module to track your stock, then you will need to use the Services and Items layout.



TIP

7. Enter the details of the items and/or services you are ordering.

If you're ordering services, enter a Description and the appropriate Account. For example, if you're creating a purchase order for stationery supplies, enter 'Stationery Expense' as the account.

If you're ordering items, select the first item from the drop-down Item ID list.

Assuming your items are set up correctly, MYOB prefills most of the item line details for you. Think carefully about how you set up Item IDs, as it may make sense to use your suppliers' item codes here, rather than your own, so they send you the correct items. (I cover setting up items in detail in Chapter 10.)

8. Enter the quantities you require in the No of Units column and check the Unit Price for each item.

Hopefully, you're using a current price list from your supplier, so the prices will be correct.



TIP

Once you get into the swing of purchase orders, you can finetune the restocking information for your items so that MYOB can not only generate purchase orders automatically from your Reorder Report, but can also prefill recommended reorder quantities. Chapter 10 explains more about this feature.

9. Add freight costs in the Freight (\$) field if required.

If this is the first time you've added freight to a bill or purchase order, a hyperlink labelled Set Up Freight Account appears next to the Freight field. Click this link, select Freight Expense, and click Save. (If an account called

'Freight Expense' doesn't exist, head to your Chart of Accounts to create this first.)

10. Add any helpful information in the Notes field.

The Notes field is a great place to add any other information you need the supplier to know.

11. Click View PDF and then Export to review your purchase order.

MYOB saves a PDF of your purchase order in your Downloads folder.

12. If all looks good to go, click Email Purchase Order to send your purchase order to your supplier.

Figure 8-1 shows a complete purchase order. (You may be interested to note that at the time of writing, in my example, it is truffle season and demand is high as are the prices . . . but what's wrong with a little indulgence?)

Supplier *
Great WA Truffles ABN active

Report to ATO via TPAR

Shipping Address
Starlight Cafe
100 St Georges Terrace
PERTH WA 6000

Purchase order number * 00005562
Supplier invoice number
Issue date * 05/04/20
Promised date DD/MM/YY
Amounts are Tax inclusive Tax exclusive

Item ID	Description	Account *	No of units	Unit price	Discount (%)	Amount (\$) *	Job	Tax code *
BT0001	Black Truffle Gnocchi	5-1000 Food Pl	50	20.00	0.00	1,000.00		GST
BT0500	Black truffle Oil 500ml	5-1000 Food Pl	100	42.00	0.00	4,200.00		FRE
BTT01	Whole Black truffle per 100g	5-1000 Food Pl	20	99.00	0.00	1,980.00		FRE

Notes
Please advise delivery time.

Subtotal \$7,180.00
Freight (\$) 25.00 GST
Tax \$93.18
Total \$7,205.00
Amount paid (\$) 0.00
Balance due \$7,205.00

View PDF Email purchase order Cancel Save and... Save

FIGURE 8-1:
A typical purchase order.

Giving your purchase order a makeover

When you print or email a purchase order, MYOB uses your default invoice template to generate the file. As a result, customising the layout of your purchase orders is limited to adding a logo and some colour.



TIP

If you do want to create a different template for your purchase orders, you can do so by creating a new invoice template specifically for purchase orders. Create a new template via your Sales Settings (under the Settings menu) and name the template Purchase Order, then choose this new Purchase Order template when you send your purchase order (see the next section).

Refer to Chapter 1 for more on setting and adjusting your invoice templates.

Sending purchase orders

To send your purchase order to your suppliers:

- 1. Go to Purchases → Purchase Orders and click on the saved purchase order number in the PO Number column.**
The purchase order opens.
- 2. Towards the bottom of the page, click Email Purchase Order.**
The Email Purchase Order window opens.
- 3. Check the supplier's email address and default message, and change the message if required.**
If you want to change the default message that appears, simply visit the Purchases Settings (under the Settings menu). Click the Email Defaults tab and amend the Default Purchase Order Email as required.
- 4. Attach any other documents if required.**
The file size limit is 25MB, which is usually far more than you need.
- 5. Select your purchase order template.**
The default template that appears is the same as your default invoice template. If you're not happy with this format, refer to the preceding section, 'Giving your purchase order a makeover'.
- 6. When you are happy that your purchase order is ready to send, click the Send Purchase Order button.**



TIP

The first time you email a purchase order from MYOB, send a test email to yourself first (simply enter your own email address instead of the supplier's address when emailing the test purchase order). Alternatively, click the View PDF button (next to the Email Purchase Order button) before you email or record the order.

Placing supplier deposits against purchase orders

A *supplier deposit* is a payment in advance for goods and services that you haven't been billed for yet. You record supplier deposits by first entering a purchase order in MYOB, and then recording a payment against it.

Before using the supplier deposits feature, you need to set up the option to do so. Go to Accounting → Manage Linked Accounts and click the Purchases tab. Tick the option I Track Deposits Paid to Suppliers and select the asset account for Supplier Deposits from the drop-down menu (if you don't have one, create a suitable account — Chapter 2 can guide you here).

Note that when you apply a supplier deposit payment against a purchase order, MYOB treats this a little differently to other supplier payments. Supplier deposits are posted to an asset account (generally called Deposits to Suppliers). When you later convert the purchase order to a bill, this deposit is then automatically moved to your Accounts Payable account and the payment applied to your invoice.

Recording Supplier Bills

In this section, I explain how to record supplier bills for both items and services. I also explain how to convert a purchase order to a bill, check supplier ABNs and ensure you pick the correct tax codes.

Receiving bills for items

Here, I explain how to record a supplier bill for items (for all other supplier bills, see the next section):

- 1. From the Purchases menu, select Create Bill.**

The Create Bill page appears.

- 2. Enter the Supplier name and check the supplier's ABN status.**

Begin typing the supplier's name in the field or click the drop-down arrow to select the supplier from your supplier list. Once selected, the supplier's ABN status will appear underneath the Supplier field, enabling you to check at a glance the status and validity of the supplier's ABN.

See 'Checking supplier ABNs', later in this chapter, for more about ABN status checks.

3. Check if any open purchase orders exist for this supplier, and if a purchase order already exists for this bill, then select this transaction and click Convert.

Just to the right of the supplier's ABN status, MYOB notifies you if you have any open purchase orders for this supplier. (If you don't have any open purchase orders, continue to Step 4.)



TIP

To view and convert an existing purchase order to an invoice, simply click Open Purchase Orders and a window appears with all the open purchase orders for the selected supplier. Select the purchase order you wish to convert and click Convert. From here, you can follow the rest of these steps with the advantage that most fields will be prefilled based on the data in the converted purchase order.

4. Check the Report to ATO via TPAR checkbox if required.

If your industry requires you to report TPAR, tick the option so this bill flows through to your TPAR reporting for the end of the year. Turn to the section 'Hitting up the ATO with TPAR' to find out more.

5. Enter the Supplier Invoice Number and check the Issue Date.

Add the invoice number from your supplier's invoice — you can find this on the tax invoice received from your supplier. As the Issue Date, enter the date as per your supplier's invoice (not the date that you're entering this transaction).

You'll also see MYOB autogenerates a Bill Number, which you can generally just ignore. However, if you've created this bill by converting a purchase order, you may want to use this field to record the original purchase order number.

6. Enter the correct Due Date as per your supplier terms.

The correct Due Date helps ensure you pay your bills in good time. To change the Due Date, click on the date field and use the pop-up that appears to adjust the terms.

7. Select if the amounts are Tax Inclusive or Tax Exclusive.

You may need to use different GST options depending on your supplier — refer to their tax invoice so you can follow suit rather than doing your own calculations.

8. Click the purple cog wheel to ensure the field layout is set to Services and Items.

As you become more familiar with this process, you will start to recognise the difference between the Services layout and the Services and Items layout.



TIP

9. Select your first Item ID and check all the prefilled line fields that populate.

If you have converted this bill from a purchase order, the Item IDs and all line details will already be complete, so you just need to check these details match the invoice and adjust if required.

Chapter 10 covers creating items, if you don't already have these set up.

10. Add the rest of your items in the Item ID column, row by row, until you have entered all the line items from the supplier's invoice.

All the line item details should prefill.

11. Enter item quantities in the No of Units column and double-check the Unit Price.

After you select the Item ID, MYOB populates the quantity with one unit only, so you may need to adjust to the correct number of units.

It's also a good idea to check the prefilled unit price matches the current price from your supplier's invoice, which you can also adjust as needed.

Your bill should now look very similar to Figure 8-2.



WARNING

MYOB Business doesn't have backorder features. For example, imagine you ordered ten items but only received eight. When converting the purchase order to a bill, you would need to edit the quantity to show only eight items were received. That's fine, but MYOB won't track the outstanding items that you've not yet received, and this information will be lost from your original purchase order. You may want to consider creating a new purchase order for the items not yet received, so you can follow this process again once the remaining goods are received.

12. Optional: Enter a discount amount (as a percentage) and a Job if applicable.

If the supplier offered you a discount, you can add that here. If you are tracking job costings using the Job function, go ahead and select the relevant Job from your drop-down list (Chapter 17 covers the Job function in more detail).

13. Add a cost for freight if required.

If this is the first time you've added freight to a bill, a hyperlink labelled 'Set up freight account' appears next to the Freight field. Click this link, select Freight Expense, and click Save. (If an account called Freight Expense doesn't exist, head to your Chart of Accounts to create this first.)

14. Check the Tax and Total amounts match the supplier's invoice.

15. Click the green Save button.

Great job!

If you have another bill to enter, you can choose Save and Create New from the drop-down options on the button to the left of the green Save button to speed things up a little.



TIP

Create bill

[Prefill from a source document](#)

Supplier *
Great WA Truffles ABN active

Bill number * 00005562

No open purchase orders

Supplier invoice number 23693

Billing address
Starlight Cafe
100 St Georges Terrace
PERTH WA 6000

Issue date * 14/04/20

Due date * 28/04/20

Amounts are Tax inclusive
 Tax exclusive

Report to ATO via TPAR

Item ID	Description	Account *	No of units	Unit price	Discount (%)	Amount (\$) *	Job	Tax code *
BTG001	Black Truffle Gnocchi	5-1000 Food Pl	50	20.00	0.00	1,000.00		GST
BTO500	Black truffle Oil 500ml	5-1000 Food Pl	100	42.00	0.00	4,200.00		FRE
BTT01	Whole Black truffle per 100g	5-1000 Food Pl	20	99.00	0.00	1,980.00		FRE

Notes
Please advise delivery time.

Subtotal \$7,180.00

Freight (\$) 25.00 GST

Tax \$93.18

Total \$7,205.00

Amount paid (\$) 0.00

Balance due \$7,205.00

View PDF Save as recurring Prefill from recurring Cancel Save and... **Save**

FIGURE 8-2: Creating a Bill from your supplier's tax invoice using the Services and Items layout.

Recording bills for services

Most businesses receive lots of different kinds of bills, not just bills for items. In fact, your business may not buy, sell or track items at all. So, what do you do if you get a bill for something like marketing, consultancy fees or cleaning?

The simple answer is you simply change the field layout to Services — here, you write a description of what you purchased and do away with adding the amount as a price per unit, instead entering one total amount.

These kinds of purchases are super-easy to record, so here I give you a quick run-down on what's important:

1. **Follow Steps 1 to 7 in the preceding section ('Receiving bills for items').**
2. **Click the purple cog wheel to ensure the field layout is set to Services.**
3. **Complete the Description field for the first service item.**

You can often just leave this field blank, but if you want to add a detailed description of the service provided, this is the spot to add it.



TIP

If you use the In Tray feature, you will attach the original invoice to the transaction, meaning that it's fine to leave description fields either blank or with the bare minimum. Turn to the later section 'Using the In Tray' for more on this useful tool.

4. **Select the account you wish to allocate this expense to.**

If there is no suitable account, turn to Chapter 2 for help with creating a new account.



TIP

If you want a particular expense account to appear every time you record a bill from this supplier without you having to search for it, you can add the expense account to the supplier's Contact — simply go to Contacts → All Contacts, find the supplier Contact and add the Expense Account in the Details section. (You can also add this detail when setting up new supplier contacts.)

5. **Enter the total value of this service in the Amount (\$) field.**
6. **Optional: Enter a Job.**

Jobs are great if you want to track profit and job costings on work you do around particular jobs or projects. Chapter 17 has the lowdown on Jobs.

7. **If you want to split this bill across more than one expense, add more lines.**

If the whole bill belongs to one expense account, you're usually quickest and easiest to just enter this as a single line and a single amount, even if the supplier bill itself is very detailed (maybe there's a list of multiple services, all on different dates). You can attach the supplier bill to the transaction in MYOB as a reference if needed.

8. **Optional: Upload the supplier bill to the transaction.**

You'll find there are two ways of attaching a copy of the original supplier invoice to MYOB transactions: The first way is to use the In Tray feature (see 'Using the In Tray' later in this chapter); the second is to simply click the Attachments section at the bottom of the bill to upload a PDF.

9. **Check the GST and Total amounts are correct and click Save.**

By now, your Services bill should look similar to Figure 8-3.

Create bill

[Prefill from a source document](#)

Supplier *
 AAA Cleaning **ABN active**
 No open purchase orders
 Report to ATO via TPAR

Bill number * 00005562
 Supplier invoice number 32475
 Issue date * 02/03/20
 Due date * 30/04/20
 Amounts are Tax inclusive
 Tax exclusive

Description	Account * ⓘ	Amount (\$) *	Job	Tax code *
Weekly Oven Cleaning	6-1400 Cleaning	220.00		GST

Notes

Subtotal \$220.00
 Freight (\$) 0.00 GST
 Tax \$20.00
 Total \$220.00
 Amount paid (\$) 0.00
 Balance due \$220.00

View PDF Save as recurring Prefill from recurring Cancel Save and... Save

FIGURE 8-3:
A typical services bill.

Checking supplier ABNs

In theory, whenever you receive a tax invoice, especially if this is the first time you've dealt with a particular supplier, you should double-check that their ABN is valid and connected to that supplier. The ATO puts the onus on the business owner to check all supplier ABNs, and if you have an invalid tax invoice because you haven't made these checks, you can't claim the deduction for tax purposes. For any business, checking supplier ABNs is an important part of compliance.

The good news is MYOB checks supplier ABNs every time you add a new supplier, and from then on displays the current ABN status whenever you record supplier transactions. A green tick confirms the ABN status is in order; an orange warning triangle indicates the ABN has been cancelled; a red warning diamond indicates the ABN is invalid, or that an ABN has not yet been recorded. Both warnings require your attention.



TIP

The gold here is you can click on the green, orange or red icons to see more details about an entity's ABN status, GST registration, business name and structure. This information is particularly useful when suppliers have different trading names and company names.



REMEMBER

If a supplier fails to supply you with a valid ABN and their invoice is for more than \$75, you're obliged to withhold 48.5 per cent tax from the supplier's payment and report this payment separately on your BAS. Such shenanigans are usually more trouble than they're worth, so it's easier to deal only with suppliers who have a legitimate ABN, or who can supply you with a Statement by a Supplier form.

Calculating GST correctly

Here are some pointers on selecting the correct tax code and calculating GST correctly for supplier bills:

- » **Buying goods or services for your own private use.** Pick N-T as your tax code.
- » **Changing the way your Amount (\$) and Subtotal amounts display to account for GST.** Sometimes a supplier provides an invoice or receipt that displays a tax-inclusive amount. If this happens, all you have to do is select the Tax Inclusive box when creating the bill. Then, simply copy and enter the tax-inclusive amount in the Amount (\$) column and voilà, you should see your Subtotal, Tax and Total amounts all calculate correctly.
- » **Coding transactions when you're not registered for GST.** In this situation, you should change the default tax codes in your Chart of Accounts so that they all have the N-T tax code.

If you're not registered for GST, and regardless of whether your suppliers charge GST, you must use the tax code N-T for all supplier bills.

Turn to Chapter 2 for guidance on bulk editing tax codes if needed.

- » **Dealing with rounding problems.** Occasionally, MYOB calculates the amount of GST on a purchase slightly differently to your supplier and the GST total differs by a cent or two. Don't tear your hair out wondering why this is (although I can tell you now that it's due to the way different software packages deal with rounding cents up and down). Instead, be pragmatic and ignore the difference. After all, two cents doesn't mean much in the grand scheme of things.
- » **Getting the correct code to come up automatically.** When entering bills for services, if you find that the tax code comes up incorrectly each time, you need to fix the tax code for this expense in your Chart of Accounts.
- » **Trading with someone who isn't registered for GST.** Select FRE as the tax code.



REMEMBER

Using the In Tray

MYOB's In Tray provides the ideal spot to collect digital copies of all your bills, receipts and remittance advices, linking each document to the relevant transaction in your company file. Even better, the In Tray uses smart technology to scan supplier bills, prefilling most information so that entering bills manually becomes a thing of the past.

In the next few sections, I explain how to get supplier bills or receipts into your In Tray, and what to do with these documents once they're there. You may find the whole deal a little nerdy, but it won't take long before you're hooked.

Getting documents into your In Tray

The easiest way to understand how the In Tray works is to jump in and add a few bills and receipts. To do this, simply click the In Tray menu. The In Tray page looks a little bare the first time you head there, but makes more sense once you start adding documents.



You can add documents to your In Tray using a few different methods, each one of which I explain in Table 8-1. Most people end up using a mix of methods, depending on their business and how they receive bills from suppliers.

TABLE 8-1 Getting Documents into Your In Tray

The Method	What To Do	When To Use This Method
Upload files by selecting them yourself	Organise the open windows on your computer so you can see both the file you want to add as well as the In Tray, and drag the file into the In Tray 'drag and drop' area. OR Click Browse for Files, navigate to where the file is saved on your computer, and click Choose. OR Click the green Upload Documents button on the top right of the In Tray page.	Ideal for invoices or receipts that you didn't receive by email and which are already saved on your computer.
Upload files via email using your special In Tray address	Click More Ways to Upload and click the Copy button found next to your In Tray email address. Give this email to your suppliers and employees, and ask them to 'cc' all invoices and receipts to this address. (If they forget to do so, simply forward any emails with invoices attached to your In Tray address.)	Ideal for invoices or receipts that you receive by email.

The Method	What To Do	When To Use This Method
Capture documents using your smartphone	<p>Install the MYOB Capture app on your smartphone. Take a photo of the invoice or receipt, crop the photo to remove unwanted backgrounds and click Send.</p> <p>You can also use the Add Note feature (on the bottom left just before you click Send) to note handy details, such as which bank account the bill was paid from, or who may need reimbursement. This note will be visible once you create a transaction from the document.</p>	Ideal for printed receipts paid for by EFTPOS, such as petrol, office supplies or incidental purchases.
Use automated supplier receipts	Link key suppliers such as Bunnings or Office-works with your MYOB account to receive bills with all data prefilled straight into your In Tray. Click More Ways to Upload, followed by All Partners and How to Connect to configure this feature.	Currently only available from a handful of large Australian companies, this feature works well if you deal with one of these companies on a regular basis.

Working through your In Tray

So, now that you've got lots of documents in your In Tray, what comes next? In Table 8-2, I explain how to work through your In Tray. **Note:** Often, it makes more sense to close the In Tray menu and work from the Bank Transactions menu instead, linking documents from the In Tray as you allocate or match each transaction. I tend to keep both pages open in my browser for easy linking (to open MYOB in a new tab, right-click on a menu item and select Open Link in New Tab).



TIP

With two active browser tabs, you can view the In Tray's list of documents and take note of the first document's dollar amount in the Total Amount (\$) column, then go to the Bank Transactions page and search for this same dollar amount to isolate the matching transaction (assuming the invoice has already been paid and has appeared in your bank transactions via your bank feed). If the date and description match the document in the In Tray, you can go ahead and link the document to the transaction.



REMEMBER

Document attachments remain in your MYOB file for as long as you have a valid subscription; however, sometimes you may need to keep multiple copies of key documents for warranty or other recordkeeping purposes.

TABLE 8-2

Different Methods for Working through Your In Tray

The Method	What To Do	When To Use This Method
Link to an existing bill	<p>Click the three dots to the right of the supplier invoice or receipt and select Link to Existing Bill. Scroll through the list, click the checkbox to the left of the relevant bill, and select Link.</p> <p>This will attach the document to the transaction in MYOB and remove the document from the In Tray.</p> <p>If you have problems finding the relevant bill, try clicking the Amount column to sort by amount. Alternatively, if the bill has already been paid, click Show Paid Bills and Returns.</p>	Use this method if you have already recorded the bill in MYOB.
Create a new bill	<p>Click the three dots to the right of the supplier invoice or receipt and select Create Bill.</p> <p>MYOB should prefill most data for you, but your job now is to add or edit any missing or incorrect information. The main thing to know here is that if you click the Close Split View option, you'll be able to edit data or change bill layouts. Once you have everything spot on, click Save.</p> <p>If the bill doesn't prefill as well as you expect, skip ahead to the section 'Persuading your In Tray to play nice'.</p>	Go to the start of this chapter and read the section 'Deciding Whether You Need to Read This Chapter' for a summary of all the reasons you may want to enter bills into MYOB.
Create a new Spend Money transaction	<p>Click the three dots to the right of the supplier invoice or receipt and select Create Spend Money Transaction.</p> <p>Similar to creating a new bill, MYOB prefills most data for you, and your job is to add or edit any missing or incorrect information. Do pay particular attention that the correct bank account is selected, and once this detail and all others are correct, click Record.</p>	This method works best for petty cash expenses or for bills paid from bank accounts that aren't connected via bank feeds.
Attach documents directly to bank transactions	The idea here is that you access the documents that are sitting in the In Tray directly from the Bank Transactions menu, rather than from the In Tray itself. See 'Linking In Tray documents to bank transactions' next in this chapter for more details.	This is the best method for most credit card transactions, EFTPOS debits on your bank account, or any transactions where you've already paid the supplier and it doesn't make sense to record a bill.
Delete documents altogether	Click the three dots to the right of the supplier invoice or receipt and select Delete Document.	This is the best approach if you accidentally double-up on adding a document to your In Tray.

Linking In Tray documents to bank transactions

As I explain in the previous section, the best way to work with the In Tray is often to link documents directly to your bank feed transactions. Here's how to dance this particular polka:

1. **Go to Banking → Bank Transactions.**
2. **Locate the transaction you want to link to a document, and click the drop-down arrow to expand the transaction.**

The transaction expands to show the transaction details.

3. **Click Link from In Tray at the bottom left.**

The Link Source Document from In Tray window appears, with a list of all documents currently sitting in the In Tray. MYOB will try to find the closest match and offer you this document at the top of the list; if this isn't the one you're looking for, you can use the Search field in the top left, or you can click any of the column headings to sort by Invoice No, Issue Date or Amount.

4. **Click the radio button to the left of the document that you want and click Link.**

Figure 8-4 shows a bank transaction with attached document files.



TIP

You can attach multiple documents to a transaction; however, you will need to do so one at a time. Alternatively, if you realise that the document isn't in your In Tray but is saved somewhere else on your computer, click Cancel and then click Attach Files instead (you can attach multiple files at once using Attach Files).

FIGURE 8-4:
Attaching documents directly to a bank transaction.

The screenshot shows the MYOB software interface for a bank transaction. The transaction is dated 18/06/20, with a withdrawal of 280.00. The description is 'OFFICEWORKS'. The transaction is expanded to show a table of line items:

Account *	Amount (\$) *	Amount (%) *	Quantity	Line description	Job	Tax code *	Tax (\$)
6-4100 Printing & Stationery	280.00	100				GST	25.45

Summary statistics at the bottom right of the table:

- Total allocated: \$280.00 (100.00%)
- Unallocated: \$0.00 (0.00%)

Below the table, a document file is attached: '80032569-d050-48f7-a558-d9ee338e5d1-Officeworks_invoice_802541205.pdf' (311 KB). At the bottom of the window, there are buttons for 'Attach files', 'Link from In Tray', 'Unmatch', 'Create rule', 'Cancel', and 'Save'.

5. Click Save.

This document will now be attached to the bank transaction and removed from your In Tray. When viewed from the Bank Transactions menu, a paperclip icon will now appear next to the Tax column, indicating that a document has been attached.



TIP

All the actions covered so far in this section are also available to AccountRight users by accessing your file via a browser. You can then link documents directly to your bank transactions without having to create Spend Money transactions first, and you can link documents to both withdrawal and deposit transactions. To make the most of these great features, experiment with using AccountRight in the browser when working with your In Tray.

Persuading your In Tray to play nice

Getting your In Tray to run smoothly can take a little bit of effort at first.

Here are some tips that may help you along the way:



TIP

- » If you make a mistake and attach the wrong file to a transaction, don't worry. Simply edit the transaction and click the 'x' to the right of the linked file to remove it from the transaction. If this file originated from your In Tray, MYOB will pop it back there, ready for you to attach correctly.
- » If prefilling isn't working as well as it should, remember the following:
 - If you need to edit the tax amount or total invoice value, click Split View first.
 - The technology searches not by the supplier name, but rather by the ABN. For this reason, the prefill feature works much better if you complete the ABN details in the supplier's contact first.
 - If the Tax Code doesn't prefill correctly, this is because the Tax Code that's linked to the allocation account in your Chart of Accounts doesn't match the Tax Code on your supplier's invoice.
- » If you link a bill from your In Tray to the incorrect transaction in MYOB, simply open this transaction and click Unlink.
- » The Search field in the In Tray is a marvel — like having all your washing sorted into piles so you can find exactly what you're looking for.
- » If you love your tech, you can set up rules in Microsoft Outlook to auto-forward any emails with the words 'Invoice' or 'Receipt' in the Subject field to your In Tray.



- » If you can't see the option to create or link bills when viewing a document from your In Tray, click the Refresh button in your browser.
- » The In Tray only reads PDF, JPG, TIFF or PNG files. This can be tricky, especially as the default image type on an iPhone is a HEIC file. However, if you have a file in a different format, you can usually open it in your default image software and click Save As or Export to save as a PDF or JPG file.

Hitting Up the ATO with TPAR

The Taxable Payments Annual Report (TPAR) lodgement is a compliance requirement from the ATO if you trade in particular industries, including building and construction, cleaners, and couriers to name a few (the ATO has the full listing if you want to confirm if this lodgement is applicable to your business). You're required to report the amount you pay to all contractors for supply of services (such as labour) each year.

MYOB can help you with this reporting by submitting the relevant information to the ATO electronically (the alternative is a paper form that takes forever to fill in, no thanks!).

To ensure MYOB reports accurately for TPAR, you must do the following:

- » Set up all contractors as suppliers and be sure to include their name, ABN and address as a minimum in their contact details.
- » Still in the supplier's contact details, ensure you click the Report Payments to ATO Via TPAR checkbox.
- » Whenever you pay a contractor, be sure to add them as the contact on the Bill, Spend Money entry or Bank Transaction, and be sure to tick the Report to ATO Via TPAR checkbox.

Figure 8-5 shows a contractor bill marked for TPAR.



TIP

With the supplier set up in this way, reconciling and reporting to the ATO should be swift and easy at the end of the year.

Create bill

[Prefill from a source document](#)

Supplier *
 AAA Cleaning ABN active
 No open purchase orders
 Report to ATO via TPAR

Bill number * 00005562
 Supplier invoice number 32475
 Issue date * 02/03/20
 Due date * 30/04/20
 Amounts are Tax inclusive
 Tax exclusive

Description	Account * ⓘ	Amount (\$) *	Job	Tax code *
Weekly Oven Cleaning	6-1400 Cleaning	220.00		GST

Notes

Subtotal \$220.00
 Freight (\$) 0.00 GST
 Tax \$20.00
 Total \$220.00
 Amount paid (\$) 0.00
 Balance due \$220.00

View PDF Save as recurring Prefill from recurring Cancel Save and... Save

FIGURE 8-5:
A contractor bill marked as reportable for TPAR.

When the time comes, this is how you go about getting your TPAR report ready:

1. **Go to Reporting → Reports.**
2. **Go to the Business tab and click the Taxable Payments Annual Report link to open this report.**
3. **Select the Financial Year and ensure you have selected All Suppliers.**
 A summary list of your current suppliers (contractors) is generated, along with all payments that have been marked as reportable.
4. **Reconcile this report total with the total of relevant cost of sales or expense accounts, such as Subcontractor Expense, Cleaning Expense and so on.**

This reconciliation ensures you haven't missed marking a payment as reportable. Smaller businesses may have only one account for Subcontractor Expense, but larger businesses may have several accounts to which they allocate taxable payments.

Using the General Ledger or Account Transactions report, check the combined total of all these accounts matches the total in your TPAR report. You will need to select Cash as the Accounting Method (TPAR only accounts for payments made, not bills received).

5. When you're satisfied all is correct and reconciled, return to the Reports menu and re-generate the Taxable Payments Annual Report.

6. Click the green Create Taxable Payments File button.

The Create Taxable Payments File window appears.

7. Review, edit and complete all required fields.

8. Click the green Download File button.

The taxable payments file saves to your Downloads folder.



TIP

If you can't find the downloaded file, look out for a pop-up blocker that may be preventing you from downloading and enable the download.

9. Lodge the taxable payments file with the ATO.

Lodge the downloaded taxable payments file with the ATO, either via your myGov account (if you're the business owner) or by sending the file to your accountant or bookkeeper to lodge on your behalf.

Note: The Taxable Payments Annual Report only shows TPAR for payments you've made, not bills you've received.

Getting Everything Just Right

If you're at all like me, you sometimes make mistakes — and, hopefully, learn from them. The more confident you get, the less frequent these may be — but mistakes do happen. Fortunately, you can cover your tracks so that no-one need ever know a thing.



WARNING

If a purchase belongs to a previous period *and* you've already completed your BAS for that period, *and* you report for GST on an accruals basis, don't delete the purchase or make any changes that affect the amount of GST. Instead, you will need to create a credit and apply it with the current date.

Deleting purchases — zap, they're gone!

You've recorded a purchase and now you want to delete it. Doing so is easy:

1. Go to Purchases → Bills.

The Bills page appears.

2. Apply filters to search for the bill you want to delete.

All your Bills will be listed based on the filters you set. If you know the supplier, filter by Supplier and ensure the date range is wide enough to expose the bill you're looking for. If you know the invoice number, you can enter this in the Search field.

For more information on locating purchase orders, skip to 'Looking up purchases and payments' later in this chapter.

3. Click the Bill Number to go into the Bill.

The Bill window appears.

4. At the bottom left, click Delete.

You get a last chance here to change your mind via a pop-up that appears to confirm you want to do this.

5. If you definitely want to delete the bill, click Delete again.

Your purchase has now gone to live in the land of odd socks and ballpoint pens, never to be seen again.

Entering credit notes

Entering a credit note is the same as entering a purchase; the only difference is you enter the amount as a negative number (if you're crediting for a service) or a negative number of units (if you're crediting items).



TIP

Enter a brief description about why you're issuing the credit note in the Notes area to save you futilely trying to jog your memory months later as to what happened and why.

After you've created the credit note, you need to match it against the bill that it's crediting. For more details, see the later section 'Checking and applying supplier returns'.

Changing your mind

Sometimes you may want to change a purchase, instead of deleting it. Perhaps you want to fix up the quantity or price, or perhaps you selected the wrong tax code. Making these changes is easy to do, but remember to consider the date of the bill and its implications for your BAS reporting, particularly if this purchase belongs to a previous BAS period.

To change a purchase, find the purchase (refer to 'Looking up purchases and payments', later in this chapter), click the Bill Number to display the purchase, make any necessary changes and click Save. Easy as!

Facing the Music: How Much Do You Owe?

Checking reports brings back memories of school, waiting anxiously for the postie to deliver the end-of-year school report. Now, I get that feeling every month when I check to see how much I owe.

MYOB has a couple of useful reports (Reporting → Reports → Purchases) you can use to help you keep on top of outstanding supplier accounts (also referred to as Accounts Payable or Trade Creditors):

- » **The Unpaid Bills report:** This report gives you a clear picture of all unpaid bills. Click Expand All to view individual bills owing, or click Collapse All to return to a single total per supplier. Under the Ageing Method menu, you can choose to display bills either by the number of days since the supplier invoice date, or the number of days the bill is overdue.
- » **The Payables Reconciliation with Tax report:** This report shows what you owe suppliers at any particular date you select (which is great for reporting at the end of the month or financial year). The Payables Reconciliation also displays any discrepancy between the Total Amount Outstanding and the value of your Payables Account, something that's helpful when reconciling your payables against your Balance Sheet. (I talk more about this in Chapter 18.)

If you receive a statement from a supplier, don't be misled into blindly paying the total on the statement. Take the time instead to compare this statement against your Unpaid Bills report and ensure that you and your supplier are in perfect sync.

Recording supplier payments

You can record supplier payments in three different ways. Go with the method that best suits your business needs:

- » **Pay suppliers electronically, via your internet banking or credit card, and then, working from your bank feeds, record the payments in your MYOB file after the payments appear in your Bank Transactions.** This method works best if you pay suppliers on an ad hoc basis, perhaps only paying a

couple of suppliers at a time. I explain this method in the next section 'Using bank feeds to match supplier payments'.

- » **Use MYOB as the starting point for paying your suppliers.** With this method, you record supplier payments in your file first, and then generate an electronic payment file to import into your internet banking. This method works best if you pay lots of suppliers in a single payment run at the end of each fortnight or month. Chapter 14 explains more about making electronic payments using MYOB.
- » **Record payments manually in MYOB.** This method is the one to use if you pay suppliers in cash, if you pay suppliers using a bank account that isn't connected to bank feeds, or if you want to email your supplier a remittance advice but don't want to bother with the hassle of batch electronic payments. See 'Applying supplier payments manually' later in this chapter for more details.

Using bank feeds to match supplier payments

Using bank feeds to match your supplier payments follows much the same process as matching customer deposits to outstanding invoices (which I covered in Chapter 7 when talking about recording deposits from a bank feed). When you reach the Match Transaction tab, you simply match to bills instead of invoices.

Figure 8-6 shows how the match should appear.

Here are some tips to help when matching supplier payments:

- » If the withdrawal on your bank statement represents a batch electronic payment to more than one supplier (via an electronic payments file), you will need to match it to the batch payment created. Look or search for the transaction reference starting with EP (electronic payment) to help filter the list and find the match. Chapter 14 talks more about this process.
- » If something isn't matching the way you expected and you think you may have paid a supplier twice for the same bill, tick Show Closed Invoices to look for this potential existing payment.
- » If you need to apply a discount — maybe a supplier offered you a discount for early payment, so you paid five per cent less — you can enter a value in the Discount (\$) column on the Match Transaction tab.

» If you've accidentally overpaid or underpaid your bill, you can change the value in the Match Amount (\$) column on the Match Transaction tab. See 'Recording overpayments' and 'Recording part-payments or discounts' later in this chapter.

The screenshot shows the 'Bank transactions' interface. At the top, it displays the bank account '1-1100 NAB Business 2925' and a 'Reconcile' button. Below this, there are filters for Status, Period, Date from, Date to, and a search bar. A table of transactions is shown, with one transaction selected: '27/06/20 Great WA Truffles' with a withdrawal of 2,500.00. Below the table, there is a 'Match transaction' tab active, showing a list of transactions to match. The table has columns for Date, Reference, Description, Total (\$), Discount (\$), Balance due (\$), and Match amount (\$). Two transactions are listed: '20/05/20 6354 Purchase; Great WA Truffles' with a total of 480.00 and a match amount of 480.00, and '15/05/20 6322 Purchase; Great WA Truffles' with a total of 2,020.00 and a match amount of 2,020.00. At the bottom right, there are summary statistics: Subtotal \$2,500.00 and Out of balance \$0.00. A 'Save' button is visible at the bottom right.

Date	Reference	Description	Total (\$)	Discount (\$)	Balance due (\$)	Match amount (\$)
20/05/20	6354	Purchase; Great WA Truffles	480.00		480.00	480.00
15/05/20	6322	Purchase; Great WA Truffles	2,020.00		2,020.00	2,020.00

FIGURE 8-6: Matching a supplier payment through your bank transactions.



TIP

You can save some time when you're recording supplier payments through your bank transactions by creating a Bill rule (choosing Bill for the Transaction Type so that the rule identifies any open bills — and therefore possible matches — when a particular supplier appears in your bank transactions). Chapter 5 talks you through how to create rules.

Applying supplier payments manually

Sometimes it won't work to record supplier payments direct from a bank feed. Perhaps you're yet to connect your bank feeds, or perhaps you've paid a supplier using cash or even a personal bank account. Alternatively, perhaps you're recording a payment that is a little complex, and you want to be able to email your supplier a remittance advice.

In these situations, you need to record supplier payments manually:

1. Go to Purchases → Create Supplier Payment.

The Record Payment to Supplier page appears.

Note: The Reference Number is allocated automatically.

2. Enter the supplier's name in the Supplier field.

3. Select your Bank Account.

Select the corresponding bank account from the drop-down options or, if this was a cash payment, select your Cash on Hand account.

4. Add a description to the Description of Transaction field and check the Date.

The name of your supplier should be sufficient for the Description of Transaction field, and the Date should be the same as the date you paid the bill.

5. Optional: Check the Show Closed Bills or Show Purchase Orders checkboxes to make sure you haven't got any unresolved history with this supplier or potential for over/underpayments.

Selecting these options may tell you more about your transaction history with this supplier. You should be able to identify double-ups, overpayments and purchase orders not yet converted to bills so you can avoid unnecessary payments or catch missed payments.

6. From the list of purchases, select the bills that you want to pay and check against the Total Amount Paid.

When you tick the checkboxes to the left of the relevant bills, the Amount Paid (\$) column prefills with the Balance Due (\$) value of each bill. Double-check the Total Amount Paid (\$) amount matches the payment you made.



TIP

If you discover that you've overpaid or underpaid a supplier, skip to the section 'Keeping Things in Tune' to find out how to process these amounts.

7. Optional: Choose the Send Remittance Advice option.

In the next section, I share all the details around sending a remittance advice.

8. Click Save.

You've now recorded the supplier payment, matching this against their outstanding bill(s), as shown in Figure 8-7.

Record payment to supplier

Supplier* Reference number*
 Electronic payment Date*

Bank account
 Description of transaction

Show closed bills Show purchase orders

4 purchases selected

<input type="checkbox"/>	Issue date	Purchase number	Status	Balance due (\$)	Discount (\$)	Discounted balance (\$)	Amount paid (\$)
<input checked="" type="checkbox"/>	23/06/20	7256	Open	1,320.00	<input type="text"/>	1,320.00	<input type="text" value="1,320.00"/>
<input checked="" type="checkbox"/>	22/06/20	6589	Open	330.00	<input type="text"/>	330.00	<input type="text" value="330.00"/>
<input checked="" type="checkbox"/>	15/06/20	6322	Open	2,020.00	<input type="text"/>	2,020.00	<input type="text" value="2,020.00"/>
<input checked="" type="checkbox"/>	01/06/20	6014	Open	480.00	<input type="text"/>	480.00	<input type="text" value="480.00"/>
<input type="checkbox"/>	10/04/20	01258251	Closed	0.00	<input type="text"/>	0.00	<input type="text"/>
<input type="checkbox"/>	10/04/20	00006355	Closed	0.00	<input type="text"/>	0.00	<input type="text"/>

Total amount paid \$4,150.00

Send remittance advice Send now Send later

FIGURE 8-7:
Applying supplier payments manually.



Keep your wits about you when paying suppliers. Unfortunately, MYOB doesn't display a warning if you enter a supplier bill twice. Avoiding double payments comes down to careful recordkeeping and, where possible, reconciling your records against supplier statements.

If you feel like you've seen or paid the same amount before, head to Purchases → Bills and filter the list with a wide date range (so you don't miss any). Use the Search field to find the supplier, the amount or the supplier's invoice number to see if you can identify any duplicates.

Sending remittance advices

If you apply payments manually (see the preceding section for more details), or record payments electronically in batches (Chapter 14 explains more) you have the option to send detailed remittance advices. A *remittance advice* informs your suppliers about which bills you've paid so that they can mirror the payment on their accounts, keeping you both in sync.

To send a remittance advice, simply click the checkbox to Send Remittance Advice when preparing payments as shown in Figure 8-8, followed by either the radio button to Send Now or to Send Later.

If you select Send Now, a pop-up window appears after you click Save that shows the details of your remittance advice. Review the email that appears, adding to or editing the Subject and Email Message as needed, then click Send Remittance Advice.

If you select Send Later, you need to head to Purchases → Remittance Advice when you're ready, where you'll find all remittance advices you have opted to send later. Use the filters to narrow your selection if you only want to send a few at a time, and tick next to all the remittance advices you want to send. Click the Email button, review the email Subject and Message, and click Send Remittance.



TIP

You can change the defaults for the Subject and Message fields of your remittance advices by going to the Email Defaults tab of your Purchases Settings. Note, however, that you can't customise the remittance advice template itself.



TIP

To see what your remittance advice looks like, click Download PDF instead of Email. If the remittance advice doesn't look exactly as you want — sometimes the message field in MYOB doesn't provide enough room for detailed information — a good workaround is to replace the supplier's email address with your own. This way, you receive the email in your Inbox first. You can then forward this to the supplier's address, editing the email first as required.

Looking up purchases and payments

How do you look up information about suppliers, purchase orders, payments or bills? Try these ways:

- » **Find your Purchase Orders.** Go to Purchases → Purchase Orders and select All as the Status to view all purchase orders within your chosen date range. Click into the PO Number to view more details of a specific purchase order, or to convert a purchase order to a bill. You can also edit, delete, view (as a PDF) or email the purchase order as required.
- » **View all supplier bills.** Go to Purchases → Bills and select All as the Status to view all bills within your chosen date range. You can also filter by Supplier or use the Search field if you have the invoice number, supplier or amount to hand. Sort by each column by clicking the column heading.

Figure 8-8 shows a typical Bills list sorted by Due Date.

- » **Display paid bills only, and view payment details.** To find paid bills, go to Purchases → Bills, select Closed as the Status and use the various filters to find the bill you need. Click the Bill Number to display the bill's details. At the bottom of the bill you will find the Activity History, which shows the payment record. Click the purple payment number to display the payment details.
- » **Use Find Transactions.** Go to Banking → Find Transactions, and head to the Transactions tab. Use the Search field to search for an amount, supplier or invoice number. You can also filter transactions by the Source Journal (for example, filter to Cash Payments when looking for payments made).

Issue date	Bill number	Supplier	Supplier invoice no	Amount (\$)	Balance due (\$)	Due date	Attachment	Status
22/06/20	6589	Great WA Tr...	6589	330.00	330.00	30/07/20		Open
20/06/20	2569	Billy Fresh F...	2569	1,255.00	0.00	30/07/20		Closed
15/06/20	6322	Great WA Tr...	6322	2,020.00	2,020.00	30/07/20		Open
01/06/20	6014	Great WA Tr...	6014	480.00	480.00	30/07/20		Open
01/06/20	01256257	AAA Cleaning	365	50.00	0.00	30/07/20		Closed
01/06/20	00005561	Mt Lawley P...	55621	599.00	0.00	30/07/20		Closed
10/05/20	68544	Billy Fresh F...	68544	1,455.00	0.00	30/06/20		Closed

FIGURE 8-8:
Get a good overview of your Bills by filtering by the Due Date.

Keeping Things in Tune

Using the Purchases menu is like keeping a car on the road — doing so requires a certain amount of maintenance. Odd amounts crop up that you can't delete, credits appear that won't go away, or accounts show up as owing when you know they're not. However, if the car still runs it's easy to be distracted from what really needs your attention.

Here's the practical mechanic's guide to a six-month service and tune.

Recording overpayments

Don't feel too bad; everyone accidentally overpays a supplier sooner or later. If you have other outstanding bills, you may consider applying the payment to the next due bill and letting the supplier know what you've done so you're both aligned. However, if you have no other bills owing, here's how to record the payment so

you can keep track of how much you've overpaid, ready to either claim a refund or apply this credit against a future invoice:

1. Follow the steps in either of the earlier sections 'Using bank feeds to match supplier payments' or 'Applying supplier payments manually', depending on the way you process your payments.
2. On the final bill you match or select, type the amount you paid, including the overpayment, in the Amount Paid (\$) column.

For example, if you paid \$1,500 when you should have paid \$1,455, type \$1,500 in the Amount Paid (\$) column next to this bill (Figure 8-9 shows how this will look).

The box changes to blue and gives you an information icon as a warning, to let you know that MYOB will create a credit.

3. Click Save.

The credit is automatically created by MYOB and is now sitting in your Purchases, under Supplier Returns, ready for you to apply to future bills or process a refund.

Record payment to supplier

Supplier*
Billy Fresh F&V

Reference number* 386

Electronic payment

Date* 30/06/20

Bank account
1-1100 NAB Business 2925

Description of transaction
Billy Fresh

Show closed bills Show purchase orders

1 purchases selected

<input checked="" type="checkbox"/>	Issue date	Purchase number	Status	Balance due (\$)	Discount (\$)		
<input checked="" type="checkbox"/>	10/05/20	68544	Open	1,455.00		1,455.00	1,500.00

Total amount paid \$1,500.00

Send remittance advice Send now Send later

To send in bulk later, go to Purchases > Remittance advice. [Learn more](#)

Cancel Save

FIGURE 8-9:
Dealing with
supplier
overpayments.

Recording part-payments or discounts

Sometimes, you may have a good reason not to pay a supplier's bill in full. Maybe you're making a part-payment only at this point, or maybe you're taking an early-payment discount.

To part-pay a bill, go to record the supplier payment in the way you normally would (either by matching against a bank feed or recording a supplier payment). Enter the amount you want to pay or apply the amount in the Amount Paid (\$) column. Easy.

To apply a discount against a bill (either via Create Supplier Payment or through a match in your bank transactions), type the discounted amount in the Discount column. MYOB calculates the discounted balance for you, which should then balance with the amount you paid.

Fixing up supplier payments

Have you made a mistake with a supplier payment? Although you can change the date, description or the reference number of a supplier payment, you *can't* change the amount or how you've allocated the payment. Instead, you may be best to delete this payment and then have another stab at getting it right.

To delete a supplier payment, follow my lead:

1. Go to Purchases → Bills.

To delete a payment, you first need to find the bill to which the payment was applied. Filter the status to Closed and then search by supplier, invoice number or amount to find the bill you need.

2. Click into the Bill Number to display the payment.

3. Scroll down to the bottom to view the Activity History and locate the payment.

4. Click into the purple reference number of the payment to display the payment transaction.

5. Scroll to the bottom of the payment transaction and select Delete.



REMEMBER

If the transaction has been reconciled and you delete the payment, the transaction will be pushed back to the bank feed, where you will need to match it again correctly and then go back and re-reconcile your bank again (for the same date).

6. If required, record this payment once more, but correctly this time.

If you originally recorded this supplier payment from your bank feeds page, MYOB remembers the original bill(s) it was matched against. To fix this, first locate the payment in the bank transactions page, expand the transaction, and click Unmatch, which prompts a pop-up to appear to check you want to proceed. If you are sure you want to continue, select Unmatch again. Then start afresh, matching the supplier payment correctly this time.

Figure 8-10 shows the Unmatch option.

The screenshot shows the 'Bank transactions' interface. At the top, it displays the bank account '1-1100 NAB Business 2925' and a 'Reconcile' button. Below this, there are filters for Status (All transactions), Period (Custom), Date from (01/12/20), Date to (15/12/20), and a search field. A summary row shows '0 transactions selected (max 50)'. The main table lists transactions with columns for Date, Bank statement description, Withdrawal (\$), Deposit (\$), Match or allocate, and Tax. A transaction on 08/12/20 for 'PAYMENT - AAA CLEANING SERVICE' with a value of 571.00 is selected and expanded. The expanded view shows three sub-transactions: 08/12/20 386 (Payment for 01256253, 220.00), 08/12/20 387 (Payment for 01256254, 220.00), and 08/12/20 388 (Payment for 01256255, 131.00). At the bottom, there are buttons for 'Unmatch', 'Create rule', 'Cancel', and 'Save'. The 'Unmatch' button is highlighted in yellow.

FIGURE 8-10: The Unmatch option on the Bank Transactions page.



WARNING

If this supplier payment belongs to an electronic batch payment, deleting it is a two-step approach. Before deleting the supplier payment, you first need to locate the batch payment and delete the batch. Make your way to Chapter 14 for more details about electronic payments.

Checking and applying supplier returns

Sometimes an amount shows up twice for a particular supplier in your Unpaid Bills report or your Payables Reconciliation with Tax report — the first time as a positive amount, the next time as a minus amount. The total amount due is zero, but the report keeps listing both amounts. This usually means you have a credit sitting in Supplier Returns.

To fix this problem, head to Purchases → Supplier Returns. A list of all outstanding Purchase Returns and Debits appears. Identify the offending credit and click Apply in the Apply to Purchase column, which opens the outstanding invoices for that supplier. Simply allocate the credit to the relevant bill and click Save, taking care to enter the current date in the Date field so that this adjustment doesn't affect a prior BAS. Problem fixed.

Getting rid of odd amounts

No matter how meticulous you are, odd amounts inevitably creep into your supplier accounts. Here are a couple of maintenance tricks:



TIP

- » To create a credit note for a supplier, refer to 'Entering credit notes' earlier in this chapter.
- » If you find you have some old bills with a few cents or dollars out of balance that are not appearing on the supplier's statement (as they have probably chosen to write it off on their end already), simply edit the bill amount to be the same as the payment amount so that the out of balance returns to \$0.00. Only use this approach for very small amounts that are considered immaterial to the ATO.
- » To spring-clean your credits, go to the Supplier Returns page regularly (every BAS cycle works as a good reminder) and look at every credit listed. Wherever possible, apply these credits to outstanding purchases.



TIP

IN THIS CHAPTER

- » Understanding what bank reconciliations are all about
- » Preparing to do your first reconciliation
- » Doing the deed — reconciling your bank account
- » Digging your way out of tricky situations
- » Tackling a bank account that doesn't balance
- » Saving bank reconciliation reports

Chapter 9

Reconcile Yourself

You have to reconcile yourself to a lot in this life. When you go for a picnic, it always rains. When your computer crashes, it's the one time you didn't back up. When you drop a piece of toast, it lands butter-side down.

Another fact of life that you have to reconcile yourself to is this: If you're going to use MYOB, you have to reconcile your bank account. The good news is that reconciling accounts is actually quite easy. It could be the maths nerd in me, but I love the feeling of satisfaction when everything balances.

In this chapter, I explain how to go about this process. I explain how one of the benefits of using bank feeds is that reconciling accounts is about ten times easier than if you're not using feeds — but, regardless, I show you how to reconcile either way. I also share some tips and tricks for getting your bank accounts to balance, no matter how deep you are in the hole or how difficult your situation. Finally, I look at generating a reconciliation report.

What Reconciling is All About

Reconciling a bank account means comparing the balance of your bank account in your MYOB company file against the balance for the same date on your actual bank statement. For example, if your bank statement or bank balance according to internet banking says you have \$5,000 in the bank and you double-check that the balance of your bank account in MYOB says the same thing, you can say that your account is reconciled.



REMEMBER

Reconciling bank accounts isn't an activity for bookkeepers who have nothing more exciting in their life to do on a Saturday night. Instead, reconciling accounts is often the only way to pick up mistakes, such as a payment entered as \$900 instead of \$90, a deposit entered twice, or a missing payment.

Most businesses have lots of bank accounts — from cheque and savings accounts to term deposits, credit cards and loans. Although you don't have to reconcile all these accounts, if you don't your accountant probably will. An easy way to determine your priorities is to divide your accounts into three categories:



TIP

- » **Accounts you must reconcile:** As a bare minimum, always reconcile your business bank account. Unless you do this, you can't rely on any of your financial reports.
- » **Accounts to reconcile when you have time:** It's a good idea to reconcile all credit card, savings and PayPal accounts, as well as your business bank account.
- » **Accounts to reconcile if you're feeling conscientious:** Ideally, reconcile all your loan accounts as well. Loan accounts can be tricky, because you have to split up interest and principal on each loan repayment. (I explain how to do this in Chapter 18.)

Getting Ready to Reconcile

The first time you reconcile your bank account is likely to be the hardest. Not only do you have to get the opening balance correct, but you may also have to deal with a combination of transactions you entered manually (before you got bank feeds going), and transactions that have since come through on bank feeds. Although this process can seem tricky, don't worry. In this section, I guide you safely through the process.

Recording bank opening balances

Before you can begin to reconcile your bank account, you need to record the opening balance. You may already have done this when you set up all your account opening balances as described in Chapter 3, but if you haven't done so or want to double-check your work, read on.

Ready to record the opening balance for one of your bank accounts? Here's my neat 1-2-3 approach:

1. **Go to Accounting → Chart of Accounts.**
2. **Click Edit Accounts to expose the Opening Balance (\$) column.**

The Edit Accounts page appears. Here, you see each account listed by Account Type. The Opening Balance (\$) column for each account is an editable field.

3. **Locate the bank account and add the opening balance in the Opening Balance (\$) field.**

The best source for retrieving the opening balance of your bank account is your bank statement or internet bank balance for that day. For example, if you're processing transactions in MYOB from 1 July, go to your internet banking and look at your closing bank balance for 30 June.

You can see how my opening balances look in Figure 9-1. The opening balance on my business bank account statement was \$13,650 in credit, while the opening balance on my savings bank account statement was \$58,652 in credit.

For more about opening balances for all accounts, refer to Chapter 3.

4. **Check that the Account Type is Bank or Credit Card and the Tax Code is N-T.**



TIP

You can also edit the Account Name at this point. I like to add the last four digits of the account number to the name (for example NAB Business Account 2925) to help me easily identify which account I'm working with.

All done? With opening balances for your bank account entered, you're ready to reconcile your bank account.

Dealing with transactions that happened the day before

Imagine that you're starting to reconcile your bank account from 1 July. You go to your internet banking and see that the closing balance of your bank account on 30 June was \$3,000. All good, you think, and you enter this as your bank opening balance (as I explain in the previous section).

Figure 9-1: Edit Accounts

OPENING BALANCE DATE: 01/07/20 REMAINING BALANCE: \$72,302.00

Account number	Account name	Account type	Tax code	Opening balance (\$)	Current balance (\$)
Assets		Asset		0.00	0.00
1-1100	NAB Business 2925	Bank	N-T	13,650.00	0.00
1-1200	NAB Savings 5666	Bank	N-T	58,652.00	0.00
1-1250	Petty Cash Account	Bank	N-T	0.00	0.00
1-1300	Payroll Clearing Account	Bank	N-T	0.00	0.00
1-1400	Electronic Clearing Account	Bank	N-T	0.00	0.00

FIGURE 9-1: Entering opening bank account balances.

However, when you look closer at your bank statement, you spot a deposit on 1 July for \$4,500. You know this deposit is for payments you received by EFTPOS the previous day. Strictly speaking, that \$4,500 belongs to income for the previous year. What should you do with this transaction, and does it affect your bank opening balance?

In this situation, I suggest you ask your accountant or bookkeeper how best to account for this income, as you don't want to risk double-counting this income (and hence paying double tax!). They may suggest you adjust your opening balance to reflect this income, or they may be content to leave the income in the current financial year.

Reconciling Your Bank Account

The method for reconciling your bank account depends on whether you're using bank feeds or not. I explain both methods in the following sections.

Reconciling with bank feeds

I assume here that you've already set up your opening balances (if not, return to 'Getting Ready to Reconcile', earlier in this chapter), that you've already entered a few bank transactions, and that your bank statement is close at hand. Ready to reconcile? Here goes:

- 1. Go to Banking → Bank Transactions.**

The Bank Transactions page appears.

2. Select the Bank Account you want to reconcile, your date range, and choose Unallocated as the Status.

When I'm first reconciling accounts, I like to work on a week or month at a time. For example, I might select 1 July as the Date From and 7 July as the Date To.

3. Work through the transactions, allocating, transferring or matching each one as you normally would.

For more about recording transactions direct from a bank feed, refer to Chapter 5.

4. If you're not sure how to allocate a particular transaction, allocate it to your 'Suspense' or 'Queries to Code' account for now.

If a transaction has not been allocated, it won't appear in your Reconcile Accounts window, so allocating this transaction somewhere means you can progress to reconciling this bank account. Chapter 6 takes you through how to clear these transactions from the Suspense/Queries to Code accounts with the help of your accountant or bookkeeper.

5. Continue until you no longer have any unallocated transactions.

In Figure 9-2, no unallocated transactions appear, which is exactly what you want.

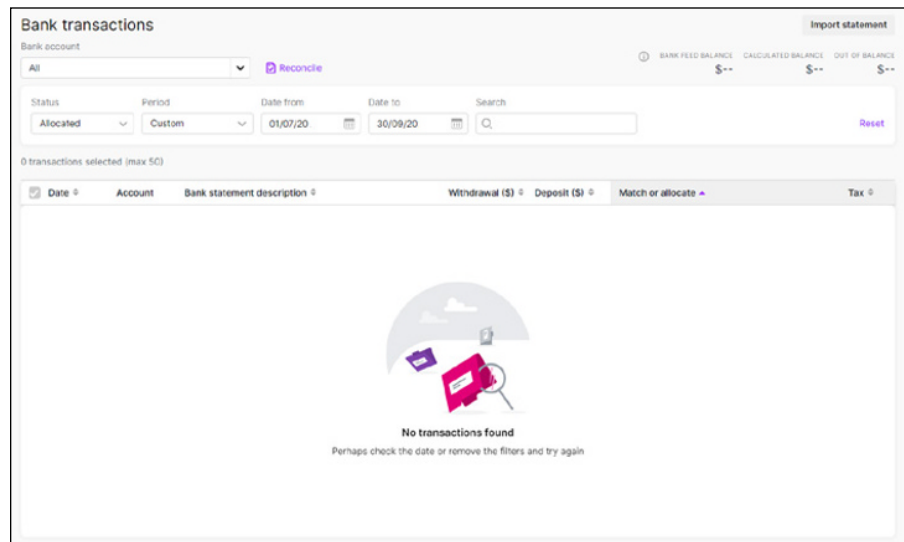


FIGURE 9-2:
With no unallocated transactions within the required date range, you're ready to reconcile.

6. Click Reconcile (next to the Bank Account field).

You can arrive at the Reconcile window by selecting Reconcile Accounts from the Banking menu.

7. Enter the Statement Date you want to reconcile to.

Keep things easy and start by reconciling a narrow date range — usually a week or so is enough.



TIP

If you don't receive bank statements in the post anymore, I suggest you download a PDF of your bank statement and work from this, rather than trying to work from a list of transactions on your internet banking.

8. Enter your Closing Bank Statement Balance (\$) from your actual bank statement.

Be sure to use your actual bank statement balance for this part. Don't be tempted to copy the figure that MYOB displays in the Calculated Closing Balance as this defeats the whole purpose of reconciling. Your actual bank statement is the source of truth that you need to match to. (Although, if everything is balancing, these two figures will actually match!)



WARNING

9. Check that the Out of Balance amount equals \$0.00.

In a perfect world (using bank feeds is as close as your accounts will ever be to perfect), your Out of Balance amount should be \$0.00, as shown in Figure 9-3. If not, skip ahead to 'Troubleshooting Tricks', later in this chapter.

Date	Reference	Description	Withdrawal (\$)	Deposit (\$)
09/06/20		PAYMENT - MERC ELECTRICITY AND GAS	599.00	
08/06/20		PAYMENT - AAA CLEANING SERVICE	51.00	
07/06/20		PAYMENT - TRINITY ADVERTISING	550.00	
04/06/20		CALTEX COLLINGWOOD	38.00	
03/06/20		CREDIT INTEREST		16.50
03/06/20		DEPOSIT - CINDY CHARMING		4,265.00
02/06/20		SHELL ENMORE	96.98	
02/06/20		PAYMENT - VODAFONE MTHLY BILL	45.00	
01/06/20		BP ROSEVILLE	58.43	
01/06/20		BPAY OPTUS BROADBAND	60.00	
01/06/20		BANKING TRANSACTION FEE	0.50	
01/06/20		PAYMENT - MYX ACCOUNTANT	880.00	

FIGURE 9-3: Reconciling your bank account is easiest if you do bite-sized chunks at a time.

10. Click the green Reconcile button.

Big yay! You receive a message at the top saying 'Success, your account reconciles'. It's a good feeling, isn't it? If you want to save a copy of your bank reconciliation, skip to 'Keeping Good Records' later in this chapter.



REMEMBER

If everything is spot on, you should have no transactions showing when you return to the Reconcile Accounts page, with the only possible exceptions being uncleared cheques that suppliers haven't banked yet. If you do have any other transactions showing here, go to 'Resolving the black hole of unmatched transactions', later in this chapter.



WARNING

If and when the time comes that you need to reconcile an account with a negative balance, be mindful that the Closing Bank Statement Balance field does not like you entering a minus sign before you enter the amount. The easiest way around this is to type the amount first, then click to the front of this amount and add the minus sign.

Reconciling if you're not using bank feeds

This section explains how to reconcile your bank account manually if you're not using bank feeds. This information may also be relevant if you ended up with a few weeks or even months between starting to use MYOB and enabling bank feeds.

I assume here that you've already set up your opening balances (if not, return to 'Getting Ready to Reconcile', earlier in this chapter), that you've already entered a few bank transactions, and that you have your bank statement close at hand. Here goes:

- 1. Go to Banking → Reconcile Accounts.**

The Reconcile Accounts page appears.

- 2. Select the bank account you wish to reconcile from the Account drop-down field.**

Your bank account should be near the top of the list.

- 3. If it's the first time you're reconciling this account, enter your start date as the Statement Date to check that the Calculated Closing Balance and the Closing Bank Statement Balance match and that the Out of Balance amount is \$0.00.**



REMEMBER

Assuming you haven't yet marked off any transactions, the Calculated Closing Balance should equal the opening balance on your bank statement.

No — not the same balance? Return to the section 'Getting Ready to Reconcile', earlier in this chapter, and make sure you recorded your opening balance correctly. Those debits and credits can get confusing. Alternatively, if this bank account has already been reconciled in the past, skip ahead to 'Identifying your starting point' for more tips on starting off at the right point. You will know if the bank account has been reconciled in the past as a date will appear after Date Last Reconciled, under the Account drop-down field.

4. **Change the Statement Date to become the date you're reconciling up to.**

Now change the date so that it is the date that your bank statement goes up to. In the example shown in Figure 9-3, I'm reconciling my statement up to 7 July.



WARNING

If you're reconciling manually for the gap of time before your bank feeds went live, ensure you only reconcile up to the date when your bank feeds began; this way, you can check your manually entered data is reconciled correctly first, even if your bank statement goes beyond this date.

5. **Click off your payments and deposits, one by one.**

Work down your bank statement and, one by one, find each transaction line and click the checkbox to the left, which will turn the line purple so you can see the remaining transactions at a glance. The result should look similar to Figure 9-3.



TIP

6. **If you see any mistakes, fix them up right here and now.**

Perhaps you entered a payment as \$800 instead of \$80, or a deposit as \$78 instead of \$87. To fix a mistake, drop-down arrow to the right of the transaction and click the purple Reference number. The transaction will open, and you can change any details that you need to and then click Record.



REMEMBER

If you have to fix a mistake in this way, MYOB takes you to the Find Transactions page rather than back to the Reconcile Accounts page, so you will need to go back into Reconcile Accounts from the Banking menu.



WARNING

Note: Manually entered transactions are easy to change in this way; however, MYOB will duplicate the transaction if you change the amount or date of a bank feed transaction. Chapter 5 explains more about editing or removing bank feed transactions.

If you navigate away from the Reconcile Accounts page, MYOB removes the checkmarks next to your selected transactions and you'll need to start again, which can get frustrating. To avoid losing your hard work, click the Save Progress button to the top right as you reconcile.

7. **After half a page or so, enter the running balance amount from your bank statement in the Closing Bank Statement Balance (\$) field to check you're staying on track.**

When you first work on reconciling, don't try to do a whole page at a time. Instead, work in small, bite-sized chunks of a third or half of a page. When you complete a stage, look at the running balance on your bank statement and enter this amount in the Closing Bank Statement Balance (\$) field in the top right. In Figure 9-3, my Closing Bank Statement Balance is \$48,197.63.

8. Cross your fingers and check that the Out of Balance amount is \$0.00.

If the Out of Balance amount is \$0.00 (as in Figure 9-3), do a little dance to celebrate. However, if your bank account doesn't balance, don't be discouraged. Work through these instructions one more time, checking each step as you go, and you should be able to find where you went wrong.

Still no luck? Skip ahead to the section 'When Your Bank Account Just Won't Balance', later in this chapter.

9. Click Reconcile.

Hooray! You receive a message saying 'Success, your account reconciles'. If you want to save a copy of the completed bank reconciliation, head to the later section 'Keeping Good Records' for a step-by-step guide.

Troubleshooting Tricks

In this section, I explain how to deal with some of the trickier aspects of bank reconciliations, such as figuring out where you (or the previous bookkeeper or accountant) left off, entering and finding missing transactions, and fixing up mistakes.

Identifying your starting point

Unless you're working with bank feeds, the first step in reconciling a bank account is always to figure out where you finished working the last time.

Go to Reconcile Accounts as normal, select your bank account in the Account field and check the Date Last Reconciled just underneath the Account field. Enter this same date as the Statement Date, and this should bring you to your starting point — where you or the last person working in the file left off. This provides a good indication of where you got up to with your last reconciliation.

Now check that the Calculated Closing Balance matches with your bank statement for this date. If you have no unreconciled transactions and your Calculated Closing Balance is dead on, then yippee! You've found the spot you need to start from.



WARNING

This method also exposes if there are any transactions that you had reconciled previously, but for which you since changed the amount or the date accidentally. (If you edit the amount or date of a previously reconciled bank feed transaction, MYOB unreconciles the original transaction, which returns it to an Unallocated status on your Bank Transactions page and also creates a new transaction with

these changed details. This new transaction will appear conspicuously at the top of the Reconcile Accounts page next time you go to reconcile.) This approach also flags if you have entered any transactions manually in error (they will not have the checkmark already ticked in the Reconcile Accounts page, so you will know it has arrived here via your bank feed) so you can attend to them before moving on to the next reconciliation date.

Note the following:



TIP

» I assume here that you've reconciled your bank account at least once before. If not, go back to the beginning of this chapter and start reading from 'Reconciling Your Bank Account'.

» You can avoid losing your 'reconciling' place in future by using a highlighter pen on your bank statement to mark the spot you got to.



WARNING

» Don't get complacent by thinking there's no need to check the correct starting point; checking your starting point is good practice to ensure nothing has been left unreconciled from a prior period.

If you find that your Calculated Closing Balance doesn't match the Closing Bank Statement Balance from your prior reconciliation and you have no unreconciled transactions, double-check your dates. If the issue persists, skip ahead to the section 'Undoing the previous reconciliation'.

Locating transactions that disappear

You're absolutely, totally, 100 per cent positive that you recorded a particular transaction (perhaps only a few minutes before). Yet when you go to Reconcile Accounts, the darned thing won't show up on the screen. Where's it gone?

Don your detective hat and try the following:

» **Ensure you enter a date in the Statement Date field.** Unless you enter a date here, you won't see any transactions at all.

» **Change the Statement Date to a date way in the future.** Whenever you reconcile an account, you only see transactions that have a date on or before the Statement Date. By temporarily changing the date to sometime in the future (for example, 12 December 2099), you can pick up on transactions that you have entered with the wrong date. This happens more often than you may think!

- » **Check which bank account the transaction went to.** Perhaps you accidentally allocated the missing transaction to a different bank account (another common error if you're manually entering transactions via Spend Money or Receive Money). Simply flick through the different bank accounts from the Reconcile Accounts window, one at a time, and see if this transaction appears.
- » **Check the transaction hasn't magically unallocated itself and gone back to your bank feed.** Only allocated, matched or transferred transactions push through to the Reconcile Accounts page, so maybe this transaction is still sitting unallocated in your bank transactions (which can happen when you change the dates or amounts on your bank feed transactions).
- » **Try to recall what account you allocated the transaction to.** Go to Banking → Find Transactions and head to the Transactions tab. Set a wide date range and hopefully the transaction will appear. When you find the transaction, click into it to display the details so you can fix the error, which should mean it appears on the Reconcile Accounts page.

Still no luck? Trust in the reconciliation process and at some point soon (and hopefully not in the far-distant future) the transaction should reappear. However, to avoid holding yourself up any longer, re-enter the transaction so you can reconcile and move on.

Entering missing transactions on the go

If you're in the middle of reconciling and realise you've forgotten to enter a transaction, hit Save Progress before you do anything else, just in case. However, you don't need to move away from the Reconcile Accounts page to enter a missing transaction. Simply head to the menu bar, right click on the function you need (for example, Spend Money) and select 'Open Link in a New Tab'. A new tab will open in your browser where you can go ahead and record your missing entry. When you're finished, return to the Reconcile Accounts tab and refresh the page, and the added transaction you've just created will appear.



WARNING

If you're using bank feeds, you will very rarely, if ever, have a situation where a transaction appears on your bank statement but not on your bank feed. (Possible exceptions are if your subscription lapses and your bank feeds are interrupted, or rare situations where the bank feed itself is wrong.) So, if a transaction appears to be missing from the Reconcile Accounts page, go to your Bank Transactions page first to double-check that this transaction isn't showing as unallocated. To be sure this transaction is definitely missing from the bank feed, make sure you select All Transactions as your Status and widen the date range to a few days either side of the transaction. You can also use the Search field to look for the transaction amount.

SWEEPING STUFF UNDER THE CARPET

One day, I decided to teach my daughter how to reconcile my business bank account. I was in the middle of showing her how the process worked when the phone rang, and I had to dash off to see a client. I was gone most of the morning.

When I returned, she was lying happily on that sofa and giggling at TikTok videos. 'How did you go?' I asked. 'Fine,' she answered, 'I reconciled the last six months of your bank statements without a problem; it really doesn't seem that hard.' I approached my laptop with a sense of trepidation that was soon justified. 'What's this entry?' I asked. 'And this one?' I highlighted a whole bunch of transactions simply labelled 'Miscellaneous', some of which were for thousands of dollars.

'Well,' she replied, 'When I couldn't get the statement to balance, I calculated the difference, entered a transaction for that amount, marked the statement as reconciled, and then kept going. Seemed logical to me.'

I tried to explain to her that inventing transactions to patch up bank reconciliations is like leaving a banana in your lunchbox over the holidays in your school bag. The problem simply festers and gets worse as time passes. After all, the idea of reconciling accounts is to find your mistakes and fix 'em up. 'But who has the time to look that closely! Surely, at some point you'll find the mess, right?' she asked. 'You're not getting the point,' I answered. 'Never mind,' she replied, and continued scrolling through more TikTok videos.

Reconciling your bank takes patience and care so you can be sure everything is aligned and accounted for rather than left for you to uncover later on. A quick fix is never the solution.

Resolving the black hole of unmatched transactions

At the risk of this chapter ending up as a litany of everything that can go wrong, I'm now going to focus on the trickier situation of transactions that show up as unmarked on your Reconcile Accounts page, but you don't know why they are there or what to do with them.

Table 9-1 explores the different reasons these problems occur. You can see that some of the suggested solutions are easier to implement than others, while others require some creative (but legit) accounting to solve the problem.

TABLE 9-1 Dealing with Unmatched Transactions

Problem	Cause of Problem	Solution
You recorded a payment for an invoice via the Sales menu and created an invoice payment. However, when the deposit came through the bank feed into your bank transactions, you allocated it directly to the sales account rather than finding the payment match.	If you're using bank feeds, you should only match invoices or bills via the Match Transaction function on the Bank Transactions page. Allocating the transaction directly to the sales account causes the transaction to appear twice on the Reconcile Accounts page (because one transaction has been allocated and another has been created as an invoice or bill payment).	Note the doubled-up transaction amount, go back to your bank transactions page and search for the amount. Select the offending transaction (the one you allocated directly to an income account), and click Unallocate. Now, record this transaction correctly! Click the drop-down arrow to the right of the transaction, go to the Match Transaction tab and find the payment match for this transaction.
You pay superannuation through MYOB. When processing the transaction, you selected the wrong bank account to draw the funds from.	With the superannuation payment sitting in one account and the actual payment coming out of another, they can't match up to become one.	Allocate the super payment that appears on your Bank Transactions page to the bank account that you wrongly selected for the superannuation payment. This creates an equal debit and credit in the wrong account, which will cancel each other out when you come to reconcile.
A transaction shows twice in your bank feed but only once on your bank statement.	The bank feed itself is wrong.	Problems with bank feeds are very rare but if this issue occurs again, contact MYOB Support. See Chapter 5 for more information about removing bank feed transactions.
You have a pay run that you can't match because you underpaid the employee. This is quite common!	The net pay run amount and the amount paid that shows in your bank feed are different.	Match the amount paid to the employee to the correct pay run, and then when you pay them the balance of their pay, match this second amount to the same pay run to make the pay run balance.
You have a pay run that you can't match because you overpaid the employee.	The net pay run amount and the amount paid that shows in your bank feed are different.	If you overpaid the employee by just a few dollars, match the payment to the correct pay run and then use the Add Adjustment feature to allocate the value of this small difference to a rounding account. If you have overpaid by a significant amount, you may need to refer to Fair Work for your best next step to resolve the overpayment.

When Your Bank Account Just Won't Balance

Many times, I have been asked to resolve the puzzle of why bank accounts won't reconcile. For me, it is like a game of Sudoku — you need to start with the numbers you have (such as a from a bank statement), and then work through the easy plays first.



WARNING

The longer you leave reconciling, the bigger the problem, so do it at least every month (and if you have loads of transactions, consider reconciling every week). It is trickier if you manually enter transactions because both the amounts and the dates may not match up exactly as per your bank statement. If you're using bank feeds, the solutions tend to present themselves more readily.

In the next few sections, I share some tips and tricks for reconciling success.

Tricks to try before you kick the cat

When your bank account doesn't balance, stay calm and assess what's in front of you:

- » **Check you're starting from the right spot and that your last reconciliation still balances.** I know this seems obvious, like when the computer isn't working and IT asks if you've tried turning it off and on again, but this check is always your first point of call. If you are reconciling for the first time, enter your start date (your opening balance date) and check for a match; if you've already reconciled at least once, enter the date you last reconciled and again check for a match. (Refer to the earlier section 'Identifying your starting point' to run through this process in detail.)

If you find that your starting balance is wrong, skip ahead to 'Undoing the previous reconciliation'.



TIP

- » **Do the number nine trick.** If your Out of Balance amount is a multiple of nine, look to see if you put in two numbers back to front — for example, you entered 685 instead of 658. (It's a curious thing, but if you have a number back to front and subtract your result from the original number, the difference is always exactly divisible by nine.)

If you're using bank feeds, the amounts are set rather than manually entered so this is unlikely to be the answer.

- » **Look for unallocated transactions.** Are there any unallocated transactions in your bank transactions? Bank transactions from your bank feeds will only



REMEMBER

push through to the Reconcile Accounts page if you have allocated them, so check the date range you're reconciling from and look for unallocated transactions.

- » **Call on your hidden powers.** How much are you out by? Does this amount ring a bell?

Tricks to try before you kick the dog

If you've tried the suggestions so far with no success, go grab yourself a coffee and take a break to get all those numbers out of your head. Then try the following:

- » **Watch for overdrafts that go into credit.** If your bank account is an overdraft but you're actually in credit, you need to enter the Closing Statement Balance as a minus amount. (This seems weird, but it's true.)
- » **Make sure you're in the right spot.** Did you start off from the right spot in your bank statement? It's easy to accidentally skip a page or part of a page. Also, check if you have the right statement year. Don't laugh — I have seen this happen!
- » **Compare the magic totals.** Somewhere on your bank statement you can usually find a summary of total debits and total credits. Head to your Reporting menu and select Reports, then pull up a Bank Transactions report for this bank account with a corresponding date range. Look to the bottom, where you see totals for Deposits and Withdrawals. Try comparing these totals with your bank statement's totals to see whether the problem lies with deposits or withdrawals (or both!).
- » **Divide by two.** Try dividing your Out of Balance amount by two and look for a transaction for this amount. In other words, if your Out of Balance amount is \$90, look for a transaction equalling \$45. This trick helps locate transactions that have been entered the wrong way round (a debit instead of a credit, a payment instead of a deposit, and so on).



TIP

Tricks to try before you kick the computer

You've tried all the preceding suggestions and your account reconciliation still doesn't balance. Don't abandon ship yet, there's still hope. Here's my last move, which (almost) always works:

1. **If you're using bank feeds, reconcile in smaller chunks (if you're not using bank feeds, move straight to Step 2).**

Try to reconcile for just one month first; if that reconciles, move on to the following month. When you hit an obstacle, try breaking down your reconciling to week by week until you isolate the problem. By reconciling in small enough chunks, you should then be able to see what the issue is.



REMEMBER

Because you're using bank feeds, all transactions should automatically be selected (and therefore highlighted in purple). If a transaction isn't selected, this could well be your culprit.

- 2. If you're not using bank feeds, start by checking your opening balance was correct, and then mark off transactions in small chunks of a few transactions at a time.**

See 'Identifying your starting point' earlier in this chapter to ensure you're starting off at the right spot. Once you're sure of this, deselect any transactions that are already selected, and then start again, marking off only a few transactions at a time while checking the closing balance of your bank statement against the Calculated Closing Balance.



REMEMBER

Breaking down the number of transactions into smaller chunks helps you isolate the time frame you really need to focus on.

- 3. Click Reconcile and then Reconcile again. Continue till you're done.**

Once you know you've got a few days or a week to reconcile, click Reconcile it so that you move those transactions out of the way and off your list. Continue in the same way, working down your bank statement a bit at a time, until your final balance reconciles. Slow and steady wins the race here.

Undoing the previous reconciliation

One of the stickiest situations is when the Calculated Statement Balance displayed in Reconcile Accounts doesn't match the ending balance on your bank statement from the last time you reconciled. (Refer to 'Identifying your starting point' earlier in this chapter for more details about this process.)



TIP

What this usually means is one of the following three scenarios has occurred:

- » **You've inadvertently edited a transaction that had already been reconciled.** For example, you've already reconciled up to October but, in a fit of creativity, you decided to change a transaction belonging to September that had already been reconciled and in doing so, you've made your beginning balance go out of whack. To identify this transaction and fix the problem, change the Statement Date to be the same as your Date Last Reconciled and the culprit should appear.

- » **You've deleted a transaction, which has pushed it back to the bank transactions page, where it appears as unallocated (so it won't show up on the Reconcile Accounts page).** To fix this, simply reallocate the transaction correctly, return to Reconcile Accounts, and mark off this transaction.
- » **You've added an extra transaction manually.** This will be easy to spot as it will appear on the Reconcile Accounts page as a line with a white background (rather than purple). Perhaps you entered a petty cash transaction via Spend Money and chose the incorrect bank account in the process? Review why the transaction has appeared and where it belongs (maybe it has the wrong date or you've selected the wrong bank account).



WARNING

If you use bank feeds and undo a reconciliation, all transactions that were marked off in that previous reconciliation will return to the Reconcile Accounts window. They will be unchecked this time, however, and you will need to manually tick the checkbox next to each transaction again to redo your reconciliation. Before you decide to go ahead and undo your reconciliation, maybe run through each possible scenario again, just in case you missed something the first time.

If your beginning balance is definitely wrong and just can't see why, your next course of action is to undo the previous reconciliation, as follows:

1. Go to Banking → Reconcile Accounts.

The Reconcile Accounts page appears.

2. Click Undo, which is next to the Date Last Reconciled.

A pop-up window appears to check you definitely want to undo your reconciliation.

3. If you are 100 per cent sure, click Yes, Undo Reconciliation (if you change your mind, click No, Keep, and breathe a sigh of relief).

Bam, just like that, you've undone your last reconciliation.

4. Compare the new Calculated Closing Balance with your bank statement as at the Last Reconciled Date.

If the Calculated Closing Balance matches up with your bank statement for that date, you're cooking with gas. All that remains to be done now is to redo your bank reconciliations up to the current date.



TIP

If the Calculated Statement Balance doesn't match up with your bank statement for that date, don't sweat. Before you go back to reconciling, check your Balance Sheet balance at that same date. If the Balance Sheet is correct but the Reconcile Accounts page still shows an out of balance amount at this date, your data file could be in need of repair by MYOB. If this is the case, you need to call MYOB Support.



WARNING

5. Repeat the Undo Reconciliation process again and again until your beginning balance is correct.

If you have to go back some way to find the problem, you're creating a lot of work for yourself, so this final step is really a last resort.



TIP

Keen to avoid the extra work? One final suggestion if the first undo reconciliation didn't work is to look through your General Ledger report for the impacted bank account and try to find a point in time when everything did balance. From here, you can check against your statement to help you identify the issue.

Keeping Good Records

Whenever you reconcile your bank account, you have the option of generating a Banking Reconciliation report. Should you or shouldn't you? Here's my take on it:

- » If you love to work with paper and really need that tactile evidence to hand, print a reconciliation report every time you reconcile your bank account (or maybe just the last reconciliation of the month). Staple this report to the bank statement and file away in a folder.
- » If you are happy not to print but feel a point-in-time copy is necessary, I suggest you save your bank reconciliation report as a PDF in a folder called Bank Reconciliations (using the reconciliation date as a file-naming convention).
- » If you have no desire to save a Banking Reconciliation report at all, then as a minimum create a point-in-time Banking Reconciliation report at 30 June (or whatever the last day of your financial year is) for the purpose of good recordkeeping for the full financial year.



TIP

If you want to generate a copy of the Banking Reconciliation report, here's how:

- 1. Go to Reporting → Reports and go to the Banking tab.**
- 2. Click the Banking Reconciliation report.**
- 3. Choose the Bank Statement Date of the report you wish to create (in other words, the date you just reconciled to) then filter via the Accounts button to select the accounts to include in the report.**

You can either include one bank account at a time if you want separate reports or select All Accounts to include all bank reconciliations for that date on the one report.

- 4. Select Expand All for a detailed report (with all transactions showing) or select Collapse All for a summary report (showing only the reconciled totals).**
- 5. Click the Export button and choose to either export the report via Excel or PDF, then click Export again.**

Depending on your Report Settings (which you can adjust under the Settings menu), MYOB will either download this report to your Downloads folder or open a PDF of the report in a new tab of your browser (from where you can either save, download or print the report).



Taking the Next Step

IN THIS PART . . .

Master the black art of items, unit costs and inventory control.

Organise your payroll set-up, including single touch payroll.

Calculate employee pays correctly, including tax, superannuation, holiday pay and much more besides.

Manage staff and administrate for success with MYOB Team.

Pay employees and suppliers electronically, direct from MYOB.

IN THIS CHAPTER

- » Making sure you have the right tools for the job
- » Building your Items list
- » Finding, changing and deleting items
- » Changing prices and generating inventory reports
- » Making inventory adjustments
- » Completing the perfect stocktake

Chapter **10**

Managing Items

Call this chapter 'Managing Items' as opposed to 'Managing Inventory' because lots of businesses that use the Items list in MYOB don't have any inventory at all, and instead use the Items list to bill customers for services, listing each service as a separate item. On the other hand, many other businesses make full use of items in MYOB for managing everything to do with inventory, including pricing, stock levels, reporting and much more.

Here, I share the essentials for working with your Items list, including how to create new items, price items and generate item reports. I also delve into the intricacies of managing inventory, explaining how to do stock counts (pretty easy), make inventory adjustments (not so easy) and record opening inventory balances (easy enough if you have collected the right data for entry).

So grab a cuppa and put any anxiety to one side. Your persistence and patience, combined with my thoughtful guidance, are enough for you to master this topic like a pro.

Seeing if the Shoe Fits

When getting started, keep the following points in mind when considering what inventory features you need, and whether MYOB Business will fit the bill:



TIP

» MYOB Business allows you to create as many items to buy and sell as you want, but unless you subscribe to pay an additional monthly fee for unlimited inventory (also referred to as Premium inventory) the number of items that you can inventory is limited to ten.

You can test the functionality across ten active items before you commit to the cost of upgrading your MYOB Business subscription to include unlimited inventory.

» MYOB defines the number of items you can inventory as the number of active items where you have clicked the option I Track Stock of This Item. You may find you have lots of items where you don't need to click this option, including items you buy but don't sell (such as raw materials) or items that you sell but don't buy (such as hourly rates). You only need to click the option to track stock of an item if you need MYOB to keep track of quantities on hand.

» AccountRight Plus and AccountRight Premier offer more extensive inventory management. (The inventory features are the same in both AccountRight products.) Inventory features in AccountRight that you don't get in MYOB Business include the ability to build items from other items, create bills of materials, track quantities in multiple locations, create tiered pricing levels, add items to inventory without receiving a supplier bill, manage purchase orders, manage backorders, record stocktakes, and generate pricing and item transaction reports.



REMEMBER

At some point, it's possible you'll decide that MYOB Business doesn't provide the depth of inventory management you require and that AccountRight is the way to go. Currently, the only way to move from MYOB Business to AccountRight is by starting a new plan and entering your opening balances from scratch (which may be easier at certain times of the financial year, so do consult your accountant or bookkeeper). You can export and import your Contacts and Items from one plan to the other to help make the move a little easier, but none of your transaction history will come across.



WARNING

If you think that the superior inventory features of AccountRight may justify switching from MYOB Business, do be aware that there are many differences between the products other than inventory. AccountRight is significantly more expensive than MYOB Business, and its additional features are not available from a browser meaning, for example, that you can't access the software on a Mac computer or a tablet.

» If you need even more functionality with your inventory than AccountRight can offer, or if you need additional inventory features but you're reluctant to switch to AccountRight, then it may be time to consider an add-on application. Many developers have come up with apps that dovetail well with MYOB products, such as Tall Emu (an app that MYOB has acquired), Web Ninja and Shopify.

To check out available inventory add-ons, head to your business name and click App Marketplace. Do remember to select your product name (such as MYOB Business) from the left-hand menu to ensure that any apps you consider are compatible with the version of MYOB you're using.

Note: While some inventory features are similar between MYOB Business and MYOB AccountRight, specific commands and menus are quite different. This book is a guide to using MYOB Business and doesn't cover the advanced inventory features of MYOB AccountRight.

Adding Items to Your Items List

Regardless of what kind of business you're running, creating a new item in your Items list is an easy song to sing.

Creating a new item

So you're ready to create your first item? Follow my tune:



TIP

1. Go to Inventory → Create Item.

If you're already in the Items list, you can also select Create Item from the top right of the page.

The Create Item page appears.

2. Enter a Name for the item.

Decide on a suitable name for the item, such as 'Long Socks Smiley Design'. You're limited to 30 characters, so be concise.

3. Enter a Description for the item.

You have plenty of space here to add more details about your items. For example, a client of mine sells large model airplanes and uses the Description field to provide a long description of everything included in the set. This description appears on every invoice because he ticked the Use Item Description on Sales and Purchases checkbox. Very handy indeed.

If you leave the Description field blank, the item's Name will also show in the Description field.



TIP

4. **Enter an Item ID.**

The Item ID doesn't have to be a number. In fact, using letters instead of (or as well as) numbers often makes more sense. For example, 'Long Socks Smiley Design' could have LS-Smiley as its ID, or a small black T-shirt could be TS-SmBl. Above all, be consistent with your item IDs — follow a pattern from one inventory item to the next, so you can build a logical naming system.

5. **Tick the I Track Stock for This Item, I Sell This Item and I Buy This Item boxes as required for the item.**

If you buy this item for resale, and you want to track how many you have in stock at any one time, click all three boxes. If you don't buy this item for resale (that is, you only sell it) and you're not sure which boxes to tick, check out the section 'Specifying whether you buy, sell or track items', later in this chapter.

6. **Select the asset, income and cost of sales accounts for this item, where prompted.**

When you tick the boxes labelled I Track Stock for This Item, I Sell This Item and I Buy This Item, you're prompted to complete the corresponding asset, income and cost of sales accounts, as shown in Figure 10-1. This feature is MYOB's way of saying, 'You've told me that you sell this item, now tell me which Income account this sale should go to' or 'You've told me that you buy this item, so what's the cost of sales account for this purchase?'

For example, in Figure 10-1, I specify that sales of Long Socks Smiley Design should go to the Sock Sales account, and that the Cost of Sales should go to the Clothing Purchases account. (The cost of sales account you select could also be an expense account — I talk more about selecting these accounts in the section 'Telling things where to go', later in this chapter.)

7. **If you sell this item, enter the Selling Price (\$) (including whether this price is Tax Inclusive or Tax Exclusive), the Unit of Measure, the Items Per Selling Unit and the Tax Code.**

If the Selling Price includes GST, click Tax Inclusive; if the price does not include GST, tick Tax Exclusive.

Enter the Unit of Measure (each, box, kilo or whatever) and, if necessary, edit the number of items in each selling unit. For example, if I sell eggs by the dozen, my Unit of Measure is 'carton' and the number of Items per Selling Unit is 12.

Item Long Socks Smiley design

AVERAGE COST \$0.00 CURRENT VALUE \$0.00 ON HAND 3 ON ORDER WITH SUPPLIER 0 COMMITTED TO CUSTOMER 0

Details

Name: Long Socks Smiley design
 Description: Long Socks Smiley design
 Use item description on sales and purchases
 Item ID*: LS-Smiley
 Inactive item

Inventory

I track stock for this item [Why can't I change this?](#)
 Asset account for tracking inventory*: 1-1800 Inventory

Selling

I sell this item
 Selling price (\$): 55.00
 Selling price is: Tax inclusive
 Tax exclusive
 Unit of measure: Ea
 Items per selling unit: 1
 Income account for tracking sales*: 4-4000 Stock Sales
 Cost of sales account*: 5-1010 Clothing COGS
 Tax code*: GST

Buying

I buy this item
 Buying price (\$): 100.00
 Buying price is: Tax inclusive
 Tax exclusive
 Unit of measure: box
 Items per buying unit: 10
 Tax code*: GST
 Supplier item ID: LS310

Restocking information

Minimum stock level: 5
 Primary supplier for reorders:
 Default reorder quantity (per buying unit): 5

Delete Cancel Save and... Save

FIGURE 10-1:
Creating a new item.

8. If you buy items: In the Buying section, enter the Buying Price (\$), Unit of Measure, Items Per Buying Unit and Tax Code.

If the Buying Price includes GST, click Tax Inclusive; if the price does not include GST, tick Tax Exclusive.

Enter the Unit of Measure and the number of items in each buying unit. For example, if I buy my Long Socks Smiley Design socks in a box containing 20 pairs of socks, I enter 'box' and '20'.



TIP

You can also add the Supplier Item ID here, which is the Item ID that your supplier uses when you purchase this item from them, and which will appear on your purchase orders and bills. Including this detail helps keep you and your suppliers on the same page, minimising any misunderstandings regarding which items you're ordering and paying for.

9. If you track stock for this item, complete the details in the Restocking Information section.

Enter the minimum number of units you want to hold in stock so as not to lose sales in the Minimum Stock Level field. See 'Taking things an extra step' later in this chapter for more about stock levels and primary suppliers.

10. Click Save to add your new item to your inventory.

Your new item is now added to your Items list. You can easily edit this item by clicking the Item ID from the Items list as required.



TIP

You can also create an item on the fly when you're creating an invoice, purchase order or supplier bill, if you haven't previously set up the required item. As you create the invoice, purchase order or supplier bill, click the drop-down arrow in the Item ID field and click the purple Create Item link at the top of the list of items. *Note:* You may need to go back later and set up the item's restocking information as that section doesn't appear when you create an item this way.

If you're setting up a whole load of new items, and you already have these items in a list elsewhere on your computer (maybe in a spreadsheet or document file), you're best to *import* this list, rather than type it from scratch. To import data, go to your Settings and select Import and Export Data (for more on your Settings, turn to Chapter 1). For more details about the intricacies of importing data, and to download a template that will help you organise your items list into the correct format for importing, look for the document in MYOB Help called 'Importing items'. I recommend you also ask an experienced bookkeeper or accountant for advice here to avoid potential issues.

Specifying whether you buy, sell or track items

Those three little innocent boxes I Track Stock for This Item, I Sell This Item and I Buy This Item can cause such confusion. Which boxes you tick depends on the kind of business you operate. Here goes . . .

When you buy something, sell it and want to know how many you have in stock

If you buy items for resale, whether they're clothes or medicines, books or socks, tick all three boxes: I Track Stock for This Item, I Sell This Item and I Buy This Item.

When you just sell something

If you sell things that you don't buy, the only box you have to tick is I Sell This Item (leave the other boxes unticked). 'Hang on a minute!' I hear you say. 'How is it possible to sell something you've never bought?'



TIP

Believe me, it is possible. Here are some examples:

- » Lots of my clients sell their time. They create an item called Labour and price it with their hourly rate.
- » I've set up MYOB for heaps of gyms and clubs that charge membership fees. They set up annual subscriptions in their Items list, creating different items with different prices for each membership type.
- » Airbnb, caravan parks and holiday rentals often create items for Nightly Rates, Weekend Rates, Linen Hire, Cleaning and so on, which can all be set up as items.

By the way, I talk more about setting up items for services at the beginning of Chapter 4.

When you buy something but don't sell it

Sometimes you only want something in your Items list so that you can produce purchase orders. Lots of things fall into this category — for example, office stationery, packaging for sending out goods, or miscellaneous manufacturing supplies, such as rags, oil or gas. For these types of items, only tick the box I Buy This Item.

Telling things where to go

Whenever you create a new item, you must select the corresponding income, cost of sales and inventory accounts. Be careful when selecting these accounts though, because your choice ultimately affects both your Profit and Loss and Balance Sheet reports.

Income accounts

If you tick I Sell This Item when you create a new item, you're prompted to select an Income account. Jump in and select whatever income account best relates to this item. If you don't yet have a suitable account, create it via your Chart of Accounts.

For example, a client of mine is a mechanic who specialises in car restorations, so his Items list includes lots of different motor vehicle parts for the services the business provides. Every item in his Items list links to one of three income accounts: Mechanical Service, Parts Income or Restorations Income.



TIP

Creating several income accounts in your Chart of Accounts usually works well so that you can track your different revenue sources (though don't get too carried away!). By linking items back to these different accounts, you can see at a glance in your Profit and Loss report how much revenue each kind of item (or service) generates. Chapter 2 covers everything you need to know about creating new accounts in your Chart of Accounts.

Cost of sales and expense accounts

If you tick I Buy This Item (but you don't click I Track Stock for This Item), you need to select an expense account for tracking purchases.

For items that you keep in stock, the simplest method is to have a single cost of sales account called Cost of Goods Sold. A more complex approach is to create several cost of goods sold accounts, with each one corresponding to an equivalent income account. (Either method is okay; ask your accountant if you're not sure.)

For non-inventory items, the account you choose depends on what the item is. For example, an item called Stationery probably hooks up to an Expense account like Printing and Stationery expenses. An item for purchasing workshop materials for my mechanic friend (things like rags, grease wash and kitty litter to soak up the oil spills) probably hooks up to a Cost of Sales account, such as Workshop Consumables (as shown in Figure 10-2).

Inventory accounts

If you tick I Track Stock for This Item when you create a new item, you're prompted to select an Inventory account.



REMEMBER

If you're using the Inventory module, you have ten items you can track and try out before you need to upgrade your subscription to include unlimited inventory.



TIP

Don't get tied up creating lots of different inventory accounts. You only need one inventory account to keep track of the stock you have on hand. Surprisingly enough, this account is called Inventory and you find it sitting in the Assets section of your Chart of Accounts. The balance of your Inventory account will appear in your Balance Sheet.

FIGURE 10-2:
You can set up items for things you order from suppliers, even if you don't resell them.

The screenshot shows the 'Buying' section of a software interface. It includes a checked checkbox 'I buy this item'. Below it are fields for 'Buying price (\$)' with the value '44.60', and radio buttons for 'Buying price is' with 'Tax inclusive' selected. There are dropdown menus for 'Unit of measure' (set to 'Bag'), 'Expense account for tracking purchases*' (set to '5-1065 Workshop Consumables'), and 'Tax code*' (set to 'GST'). A text field for 'Supplier item ID' contains 'RAGS20'. The 'Restocking information' section has a 'Minimum stock level' field set to '0', a 'Primary supplier for reorders' dropdown set to 'Rags to Riches', and a 'Default reorder quantity (per buying unit)' field set to '10'.

Entering opening stock counts

After you have set up names, descriptions and selling prices for all your items, you're ready to record how many units you have on hand for each item, as well as the cost of each item. (Obviously, you only need to do this for items where you want to track the quantity you have on hand.) I explain this process in detail in Chapter 3, which covers everything you need to know about opening balances.

Taking things an extra step

In many situations, you'll find that adding item IDs, descriptions, prices and quantities is enough information for most items. However, MYOB does provide room for a little more additional information in the Restocking Information section, including minimum stock levels per item, primary suppliers and default reorder quantities.

If you add minimum stock levels, you can run a regular Reorder Report and auto-create purchase orders when stock gets low. Here's how it's done:

- 1. Go to your Items list and click the Item ID for an item you want to reorder automatically.**
- 2. Scroll down to Restocking Information and enter the Minimum Stock Level.**

Think about how low you're prepared to let stock fall before you buy more. For example, if you know you always want to keep at least ten units in stock, enter 10 as the Minimum Stock Level.

3. Enter the supplier's name in the Primary Supplier for Reorders field.

Enter the usual supplier for this item. It doesn't matter if you occasionally buy this item from someone else.

4. Enter the quantity you normally order as the Default Reorder Quantity.

If you normally order 20 of these items at a time, enter 20 as your Default Reorder Quantity. This means that when your stock falls below minimum levels, you can use the Reorder Report to automatically create a purchase order.

5. Repeat this process for every item you want to create automatic purchase orders for.

With minimum quantities and primary suppliers set, you're ready to generate your first Reorder Report:

1. Go to your Inventory menu and select Reorder Low Stock Items.

The Reorder Report opens, similar to Figure 10-3, listing every item that you have in stock which has fallen below its specified minimum stock level. This report also shows, for each of these items, how many units you have on hand, how many units you currently have on order, how many units are already committed to customers and suggested order quantities.



TIP

You can click the Customise button to add or remove columns from this report so it meets your specific reporting needs. (Chapter 15 talks about customising reports.)

2. Click against each item that you would like to reorder.

Don't worry — if you have the same Primary Supplier for more than one item, MYOB combines these items into a single purchase order.

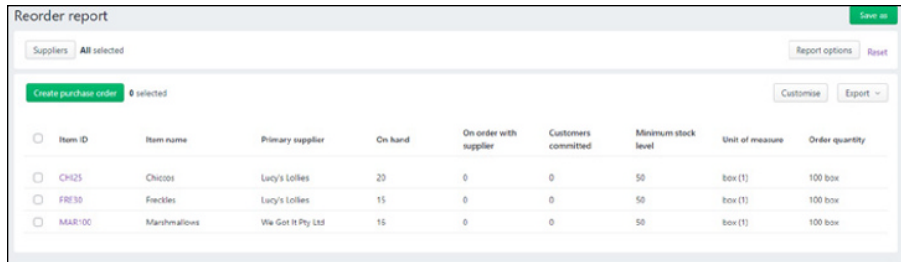
3. Click Create Purchase Order.

Blink and you'll miss it. The items you've just ordered disappear from the report. Look carefully however and at the top of the screen you'll see a message 'The following purchase orders were successfully created' with a link to the purchase order(s) just created.

4. Click the Purchase Order number to view, check or edit your purchase order.

You can also view auto-generated purchase orders by selecting Purchase Orders from the Purchases menu. Note that you can easily edit quantities or line items in your purchase orders at this point. Chapter 8 covers purchase orders in more detail.

FIGURE 10-3: The Reorder Report shows current stock levels, and you can reorder easily by creating a purchase order direct from this report.



<input type="checkbox"/>	Item ID	Item name	Primary supplier	On hand	On order with supplier	Customers committed	Minimum stock level	Unit of measure	Order quantity
<input type="checkbox"/>	CH25	Chicos	Lacy's Lollies	20	0	0	50	box (1)	100 box
<input type="checkbox"/>	FRE30	Freckles	Lacy's Lollies	15	0	0	50	box (1)	100 box
<input type="checkbox"/>	MA8100	Marshmallows	We Got It Pty Ltd	15	0	0	50	box (1)	100 box

Giving Your Items List the Once-Over

Regardless of whether your Items list is short or long, it needs a certain amount of tender loving care. In the next few sections, I provide the ultimate set of care instructions, explaining not only how to find items, but also how to edit items, delete items and view item transactions.

Finding item descriptions and details

To find an item, head to the Items list (go to Inventory → Items) and try these tactics:

- » **Search for a string of text:** In the Search field, type any of the letters or numbers of the Item ID or the item's Name. You can even search for a price if you know it.
- » **Filter by item type:** From the Item Type menu, refine your search to select Items I Sell, Items I Buy or Items I Inventory.
- » **Sort your Items list in a way that makes sense to you:** An alternative approach is to click any of the column labels to sort by that category. For example, if I click at the top of the Name column (actually clicking the label 'Name' itself), then I can sort by that column.

» **Create a custom report:** If you're one of those people who prefer printed lists (old habits die hard), then go to Reporting → Reports, skip to the Inventory tab, and print the handy Item List report (or export the report to Excel). You can also customise this report to add or remove columns.

Viewing item transaction details with the Items Register report

Occasionally, you may feel that something isn't adding up right with your stock numbers, so you need to see where things may have gone wrong. Perhaps in the last stocktake you made an adjustment for 20 packets of Gummy Bears but in fact it was 30.

To figure out where you went wrong, go to Reporting → Reports, go to the Inventory tab and click the Items Register report. This report shows transactions relating to a particular item (including stock counts and adjustments). You can click the Items button at the top to filter by a specific item or specific group of items, and you can also enter a date range to narrow this report.

Click Expand All and the Items Register report displays every sale, purchase and inventory adjustment for selected items, as shown in Figure 10-4 with my Gummy Bears. You can then click into the Reference Number on any transaction to view it in all its glory.

Item number	Item name	Quantity changed	Amount (\$)
BU62	Bubblegum	20	381.82

Gummy Bears								
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
07/07/20	Sale	00000142	Sale: ABC Co	47	-1	(26.65)	46	1,225.69
23/07/20	Sale	00000147	Sale: Brown, C	48	-2	(53.29)	44	1,172.40
05/09/20	Purchase	00000247...	Purchase: Lucy Lollies	44	20	454.55	64	1,626.05
30/09/20	Inventory	L0000013	Damaged Stock	64	-3	(672.11)	61	949.84
Total					14	(302.50)		
Grand total						34		79.32

FIGURE 10-4:
The Items Register report displays every sale, purchase and inventory transaction.

Changing items

Most item changes are easy as pie. All you have to do is locate the item in your Items list, click the Item ID and make your changes.

The only change that sometimes proves difficult is if you want to change the I Buy, I Sell or I Track selections. For example, if you have an item that already has purchases or sales on file, and you want to unclick I Track Stock for This Item, then you'll get a message saying you can't.



TIP

Don't feel defeated. If you can't change an item in the way that you want to, make that item inactive by clicking the Inactive Item button, just under the Item ID. Then create an all-singing, all-dancing new item that's just the way you want it.

Deleting items

To delete an item, look for it in your Items list and click it to display the item's details, then down to the bottom left click the Delete button.

No luck? If you already have invoices or purchases for this item in your company file, a warning appears stating you can't delete this item as it has an audit history. If this happens to you, your best bet is to make this item inactive (inactive items don't display if you look up items when recording sales or purchases transactions).

If at some point you wish to re-instate the item, simply filter to display inactive items within your Items list, click into it and unclick the Inactive checkbox.

Managing Inventory

MYOB manages inventory using the *perpetual inventory system* approach, which means that MYOB updates stock quantities in real time after each sale, purchase and inventory adjustment. As a result, your reporting allows you to see the quantity and value of stock on hand at any point in time, which helps you manage your stock levels efficiently.

If your business buys and sells items, chances are that managing your inventory well is a cornerstone to your business success. In the next few pages, I look at pricing your inventory and reporting for stock control. (The nearby sidebar 'The power of average cost value' elaborates on some of the ways the perpetual inventory system approach can help you make good business decisions regarding inventory.)

Pricing to sell

Whether it's a market price, standard price, retail price, wholesale price, discount price, list price, fee for a service, flat charge or some other exotic beast, the time has come to price your goods.

So, here I explain how to price a single item, as well as how to price a whole lot of items at once. Here goes:

» **Pricing one item at a time.** If you need to change the price of an item, find it in your Items list, click the Item ID, change the selling price and click Save. (Remember to check whether the item is marked as Tax Inclusive or Tax Exclusive. If your item is Tax Inclusive, you must include GST in your selling price.)

» **Pricing lots of items in one hit.** If you've raised prices across the board for lots of items in your inventory, it can take ages to work through them one at a time. The quickest way to fix up a whole host of price changes may be to export your Items out of your company file as an Excel file (you do this from the Import and Export Data menu under your company name). You can then open this file in Excel, where you can calculate and enter the new prices.

Don't change any of the headers when you edit the file in Excel, as the next step is to import the spreadsheet back into your file.

In order to import this data into your MYOB company file, you'll need to use the Save As function in Excel to create a tab-delimited text (*.txt) file. The Import and Export Data menu can be found under the Settings. I recommend you ask your accountant or bookkeeper to assist here as the process can be a little tricky.



WARNING



TECHNICAL
STUFF

Reporting to stay on top of stock control

The kinds of reports you'll need for inventory are going to vary depending on the nature of your business. However, start by going to Reporting → Reports, then going to the Inventory tab and checking out the following reports:

» **Reorder report.** A regular review of this report helps you keep an eye on your stock levels, giving you a good picture of how many items are on order and how many items have been committed to customers. The earlier section 'Taking things an extra step' guides you through reordering stock direct from this report.

- » **Stock on Hand report.** This report gives you a snapshot of your inventory quantities, minus units committed to sales plus units on order. I like this report as it gives me the total value of the stock I'm holding (which in turn helps me decide if I need to reduce prices or hold a sale to shift lingering stock). This report also calculates the average cost of each item (turn to the nearby sidebar 'The power of average cost value' for more on this useful metric).
- » **Item Sales Analysis report.** This report analyses the profitability of your sales per item according to how much it costs (on average) and how much you sold it for (see Figure 10-5). Regularly reviewing this report will reveal which items are underperforming and which are your sales stars. Use this report to guide your sales and purchasing decisions — you may realise you need to find another supplier or increase your sales price for certain items to help increase your profit margin.
- » **Items Register report.** Use this report to see all the inventory items you've used in transactions within a specified date range. With this report, you'll be able to see all the sales, purchases and inventory adjustments that have affected the on-hand quantities and current value of your inventoried items. View in summary or expand for more detail.
- » **Inventory Value Reconciliation report.** This report reconciles the balance of your linked inventory account with all your on-hand inventory value. Chapter 18 explains more about the importance of this report and how to use it.

FIGURE 10-5: Regular review of the Item Sales Analysis report helps you make smart business decisions.

The screenshot shows the 'Item sales analysis report' interface. At the top, there are controls for 'Date range' (set to 'Custom'), 'Date from' (01/10/20), 'Date to' (31/10/20), and 'Items' (All selected). There are buttons for 'Report options', 'Reset', 'Save as', 'Customise', and 'Export'. The main data is presented in a table for the period '1 October 2020 to 31 October 2020'.

Item ID	Item name	Quantity	Amount (\$)	Cost of sales (\$)	Gross profit (\$)	Profit margin (%)
BUB2	Bubblegum	52 each	136.40	108.95	27.45	20.12
GUM4	Gummy Bears	425 pack	761.03	601.22	159.81	21
L0L1	Lollipops	291 each	444.55	354.38	90.17	20.28
Grand total			1,341.98	1,064.55	277.43	20.67



THE POWER OF AVERAGE COST VALUE

MYOB tracking inventory using the perpetual inventory system approach, and the value of this inventory is tracked using the *average cost method*, which means that the value of your inventory is calculated by averaging the cost to your business for each item you hold using the following formula:

$$\text{Total Item Value} / \text{Total Number of Items} = \text{Average Cost.}$$

For example, if you buy ten packets of gummy bears for \$10.00, the average cost is \$1.00 per item. However, if you place another order for ten packets of gummy bears the next day and they cost you \$15.00 (an average cost of \$1.50 per item — ouch!) then you have 20 packets that cost a total of \$25.00, so your average cost overall increases to \$1.25 per item.

Apart from the purchases, the only other thing that will affect the calculation of average cost is inventory adjustments that change the value of how much stock you hold without adjusting the quantity. (For more on this, see 'Adjusting the cost of an item' later in this chapter.)

When you record a purchase of inventory, this increases the value of your inventory asset account. When you create a sales invoice and sell this item, MYOB reduces the value of your inventory asset and debits this same value from the linked Cost of Sales account.

To see this process in action, look at the changes in your Balance Sheet and Profit and Loss reports when you next purchase an item, and then when you next sell an item. When you purchase an item, this will show as an increase to your inventory asset in your Balance Sheet (and also as an increase to the amount you owe suppliers). When you sell an item, the value of your inventory will decrease in your Balance Sheet, and the corresponding value will show as an increase in Cost of Sales in your Profit and Loss.

Yes, it is technical, but if you can understand this concept you are halfway to truly mastering your inventory using MYOB — kudos to you!

Fixing Things When Stuff Goes Wrong

When lots of people have their fingers in the sales-and-purchases pie of inventory, it's not surprising that inventory costs or counts sometimes go completely out of whack. However, you can make inventory adjustments to fix things up.



WARNING

When working with any inventory adjustment, *never* select Inventory as your expense account or adjustment account. This throws your reports out of whack; even though it feels like the natural place for it to go, don't do it!



WARNING

Proceed with caution when adjusting inventory because your changes may impact your reporting and could even have tax implications. I recommend you check the average cost of items on a monthly or quarterly basis using the Items List report (go to the Inventory tab under Reporting → Reports) to ensure all figures are correct. Skip ahead to 'Adjusting the cost of an item' if you find something has gone awry.

Adjusting the quantity of an item

What do you do if you once had three mega lollypops on the shelf, but you know an overenthusiastic child dropped them on the floor, smashing them into sugary pieces? Or perhaps you can see that you've completely sold out of chocolate buttons but your Items list says you have five packets left?

Follow these steps to correct your stock quantities:

1. Go to Inventory → Create Inventory Adjustment.

The Adjust Inventory window appears, numbered with the next available Inventory Journal Number.

2. Enter the Date of the adjustment and the Transaction Description.

Enter today's date and describe why you are creating this adjustment.

3. Select your item by typing the Item ID if you know it or find it by clicking the drop-down arrow in the Item ID column.

The transaction line prefills with the Current quantity and the Unit Cost (\$) (that is, the average cost).

4. Enter the adjustment number in the Adjustment column.

Enter the quantity (either a positive number to increase stock or a negative number to decrease stock) in the Adjustment column, then ensure the New on Hand column's value matches your true stock quantity (that is, the Current plus Adjustment amount).



TIP

The Amount (\$) column shows the dollar value of the adjustment: Adjustment column value × Unit Cost (\$) value (see Figure 10-6). This value is useful because it shows how much the adjustment has 'cost' you (for example, if it is a negative adjustment for say spoilage, theft or damage).

5. Select the account you want to allocate the costs to in the Account column.

Often, the account will be a Cost of Sales or an Expense account that best fits the reason for the adjustment. For example, you can allocate the cost of the damaged mega lollipops from earlier to an Expense account called Damaged Stock (if you don't have a suitable account, create one now — refer to Chapter 2 if you require further guidance on this).



TIP

Click the **i** (information) near the Item ID and it pops up with added info that may be useful to check, such as the quantity of this item currently on order (see Figure 10-6).

6. Optional: Add a Job if needed by clicking the drop-down arrow in the Job field.

If you are tracking Jobs, you can enter this here as well. Chapter 17 talks more about Jobs.



REMEMBER

7. Optional: Add text to the Memo field to explain why you are making this adjustment.

Adding a Memo (see Figure 10-6 for some examples) is useful so that in 12 months' time when you are looking back at your reports, you can recall why you adjusted this stock item. (I struggle to remember what I had for dinner last night, so forget a month ago — let alone 12 months!) You can also use the Memo field to add specifics about the line item.



WARNING

Although you can fit an essay in the Memo field, only the first seven words or so appear on your reports.

Adjust inventory

Inventory journal number: LJ000010 Date: 31/03/20 Transaction description: Inventory Adjustments by SP EOFY adjustment

Item ID *	Name	Current	Adjustment	New on hand	Unit cost (\$)	Amount (\$)	Account * ⌵	Job	Memo
MLOL ⌵ ⓘ	Mega Lollipops	47	-3	44	1.818298	-5.45	6-1040 Dam. ⌵	⌵	Damaged Lollipops
LSH2i ⌵ ⓘ	Lemon Sherberts	32	-8	24	2.272813	-18.18	5-1020 Lollie ⌵	⌵	Expired date stock
SS- S ⌵ ⓘ	Short Socks Smile	149	-2	147	6.321544	-12.64	5-1010 Cloth ⌵	⌵	Missing items stolen
⌵		0					⌵	⌵	

Cancel Save

FIGURE 10-6: Changing item quantities using Adjust Inventory.

8. Check that you're happy with the Adjust Inventory journal and click Save.

Make sure that everything on the screen makes sense to you and looks correct, then click Save.

Adjusting the cost of an item

As you work toward mastering inventory, you may make many mistakes along the way, especially in the beginning.

There's no quick explanation for why, one day, you look up the average cost of an item and it's completely bizarre. You know that a box of marshmallows doesn't cost \$1,000 and that sherbet lemons cost you more than \$0.20, but suddenly your Items list says that this is the case. Don't con yourself into thinking MYOB has made a mistake — the cause is always human error, somewhere!

One way to fix unit costs (that is, the average cost) is to go to your Items Register report, select the item in question, expand the report to show the detail for this item, and double-check the cost price for every purchase you've made for that item. You can view each purchase by clicking the purple Reference Number for a particular item. Hopefully, you'll then see where the mistake is so you can fix it from there.

An alternative approach that's more practical if you have lots of purchases to look through is simply to fix the average cost so that it's correct moving forward. Here's how:

1. Calculate the difference between what the average cost should be and what is displaying in MYOB.

For example, if you know a box of marshmallows costs \$40 to buy but the unit cost comes up as \$50, then the difference per box of marshmallows is \$10.

2. Go to Inventory → Items and find the Item in question.

Once you have located the Item, look at how many of the Item you have on hand (in stock).

3. Multiply the quantity you have on hand by the difference in unit cost.

For example, if I had 20 boxes of marshmallows in stock, I'd multiply \$10 (that's the difference in cost price per unit) by 20 (that's the number of units I have on hand) to arrive at \$200.

4. Go to Inventory → Create Inventory Adjustment.



REMEMBER

5. Enter the Date of the adjustment and a meaningful Transaction Description.

Use the Transaction Description field to describe what you are doing (adjusting the inventory value), and use the Memo field to explain why you're adjusting the inventory value. If someone asks you about this adjustment months later, you can justify your actions if required (see Figure 10-7 for an example).

6. Select your item by typing the Item ID if you know it, or find it by clicking the drop-down arrow in the Item ID column.

The transaction line prefills with the Current quantity and the Unit Cost (\$) (that is, the average cost).

7. Leave the Adjustment column set to 0, adjust the Unit Cost (\$) column to 0 and enter your total dollar difference in the Amount (\$) column.

Figure 10-7 shows how your inventory adjustment should look. The dollar difference should be the amount you calculated in Step 3.

Item ID *	Name	Current	Adjustment	New on hand	Unit cost (\$)	Amount (\$)	Account * ⌵	Job	Memo
MARI ⌵	Marshmallows	302	0	302	0.00	-200.00	5-1020 Lollie ⌵	Lollie	Adjust unit cost of box from \$50 down to \$40 to update old data entry.
⌵		0					⌵	⌵	

FIGURE 10-7:
Fixing up
inventory costs.

8. Select an expense account for this adjustment.

Either select the Cost of Sales account that this item normally goes to, or select a Stock Adjustments account, if you have one.

9. Click Save.

Yay, great job! To double-check your efforts (very good practice with inventory adjustments), go to Reporting → Reports, move to the Inventory tab and open the Item List report. Look for the item you just adjusted and check that the new Average Cost is now correct.

Stocktaking for Success

In my student days, whenever there was a stocktake at the warehouse I worked at, heaps of people would mysteriously phone in sick that day. I never understood why until my third stocktake, when I realised I'd had enough of the endless counting involved. However, since becoming a bookkeeper I've developed a whole new appreciation for the value of a stocktake.

Prepare yourself (and your staff) for the day by making your way to your Reports page (Reporting → Reports), going to the Inventory tab and exporting to Excel one of the following reports:

- » The Stock on Hand report
- » The Items List report

Open the file in Excel and add an additional column for your counted stock on the day. Excel is great because you can create an extra column to calculate the required adjustment between the Units on Hand according to MYOB and the actual units according to your count. (And don't forget you'll need plenty of good lollies as rewards for your team as the count wears on!)



TIP

As you do your stocktake, keep an eye open for any item counts that look odd, or where they're significantly different from what you should have — you can see how much you should have by referring to the Units on Hand column.

On the face of it, entering stock counts after you complete the stocktake is pretty simple. Head to the Inventory menu and select Create Inventory Adjustment to adjust your stock counts to reflect your actual figures (refer to 'Adjusting the quantity of an item' earlier in this chapter for more details). Don't forget to ensure your date is correct and to add extra detail in the all-important Memo field.



TIP

Here are a few tips to make sure things go swimmingly when doing your stocktake:

- » **Avoid confusion.** Before starting your stocktake, make sure you finalise all pending sales, and enter supplier bills for all goods that have already been received in the warehouse. If possible, avoid recording any sales or receiving goods until the stocktake is complete.
- » **Be clear about what you need to count.** Make sure you allow for goods in transit, goods on consignment, and goods in delivery vans or in other locations.



WARNING

- » **Take bite-sized chunks.** Only enter counts for say 20 items at a time. It's easier to see what you're doing this way, and if you (or your computer) do something silly, you won't lose too much work in one hit.
- » **Think carefully about where you allocate the difference.** When prompted for a Default Expense Account, allocate the difference to a special Cost of Sales account called Stocktake Adjustments.
- » **Never select Inventory as your Default Expense Account.** If you do, you'll cause your inventory control account to go out of balance.
- » **Get the date right.** If you do a stocktake on 30 June, date the journal 30 June. (Even if you enter the stock counts a week later, this must be the date — otherwise, nothing makes sense in your financial reports.)
- » **Double-check at the end.** When you're done, generate an Inventory Value Reconciliation report for the stocktake date and compare the final counts with your stock count sheets. This way you can spot if you've made a blunder.
- » **Make sure your inventory account balances.** Skip to Chapter 18 to find out how.
- » **Keep records in a safe place.** In the final wash-up, staple your original Inventory Count pages and your final Inventory Value Reconciliation report together (or scan them to a PDF for your records). Keeping good records is best practice should anyone come back with questions about your stock levels.

Balancing Your Inventory

In a perfect world, the total cost value of the items in your Items list needs to balance with the value of your Inventory Asset account in your Balance Sheet. For example, if you only had two items in stock — a chocolate fountain that cost \$300 and a water fountain that cost \$700 — then not only should the total value of your Items Value Reconciliation report be \$1,000, but the balance of your Inventory Asset account should also be the same (\$1,000).

To find out more about making sure your inventory balances — as well as what to do if it doesn't — skip ahead to Chapter 18.

IN THIS CHAPTER

- » Reviewing payroll settings and linked accounts
- » Getting your Pay Items organised
- » Adding employees and setting up standard pays
- » Getting ready to pay with Single Touch Payroll (STP)
- » Setting up MYOB Pay Super

Chapter **11**

Setting Up Payroll

Setting up payroll and keeping track of employee pays, entitlements, compliance and reporting is probably the most technical aspect of working with MYOB. As well as understanding how to process transactions, you need to have some insight into employee awards, pay rates, how superannuation is calculated, and more.

The secret to meeting your legal obligations as an employer, and paying employees correctly, is to get the setup spot on. In this chapter, I walk you through getting started one step at a time, from creating employees in MYOB to connecting Single Touch Payroll (STP). By the time you've worked through this chapter, your MYOB file will be ready to process pay runs (which I cover in Chapter 12). Reading this chapter may not be the most enthralling way to spend a sunny afternoon, but my goal is to minimise your pain and maximise your gain.

The information I share in this chapter (and Chapter 12) is general in nature, focusing on how MYOB helps you comply with your payroll obligations. Whatever your role, if you're responsible for processing payroll then the onus is on you to understand employees' awards, Fair Work legislation, superannuation legislation and any relevant state-based employee legislation. If you're at all unsure about any of the payroll setup I describe in this chapter, do employ professional advice to ensure your payroll obligations are fully met.

Getting the Baseline Right

Before setting up your first employee, the first step is to review your Payroll Settings and linked accounts.

If your payroll setup is already complete (maybe you're in a new role as a bookkeeper, but MYOB is already up and running), you could skip ahead to 'Adding a New Employee' a little later in this chapter but ideally, regardless of your starting point, I suggest you double-check any Payroll Settings you've inherited before you begin.

Reviewing your Payroll Settings

To review your Payroll Settings:

- 1. Go to Settings → Payroll Settings.**

The General Payroll Information tab of the Payroll Settings page appears.

- 2. Enter your Full-Time Employee Weekly Hours.**

Look up your award if you're not sure about how many hours this should be. (An *award* is a legal ruling which grants all employees in one industry the same conditions of employment and wages. For more info about awards, head to fairwork.gov.au.)

The National Employment Standards (NES; as per Fair Work, the NES are 11 minimum employment entitlements that have to be provided to all employees) stipulate that 38 hours is the maximum number of hours in a regular week, but some awards specify fewer hours. If you have multiple awards within your business, check the award or agreement that relates to the majority of your employees.

- 3. Select your Default Superannuation Fund.**

If all your employees already have a super fund, you can safely skip this step. However, in theory, employers are meant to set up a default superannuation fund for employees who don't belong to a fund; employers are also meant to include details of this default fund on the Superannuation Standard Choice Form provided to employees when they start employment.

- 4. Optional: Tick the Use Timesheets to Track Employee Hours checkbox.**

You only need to tick this option if you intend to use the MYOB Team app or MYOB's timesheets for logging employee start and finish times. (If you don't need to record timesheets, or you already have a different system for recording employee timesheets and prefer to stick with that, then it's fine to skip this option.) Chapter 13 talks more about timesheets and MYOB Team.

5. Click Save.

You may notice I haven't mentioned the Withholder Payer Number field or Cents to Round Net Pay field. That's okay — simply leave these fields blank.

6. Go to the Superannuation Funds tab, which is the next tab on the Payroll Settings page.

If you have super fund details at hand for any of your employees, click Create Super Fund to add these now. Otherwise, it's easy to add super fund details later, when you add employees. See 'Entering employee rates and other details' later in this chapter for more about adding super funds.

7. Go to the Employment Classification tab, which is the next tab on the Payroll Settings page.

MYOB already has Construction Worker Level classifications by default (for the Building and Construction award), which is a tad confusing for everyone not working in construction! Feel free to get rid of these by clicking through to each one and clicking Delete.

8. Optional: For each award relevant to your business, click Create Classification and enter the name of this award.

If you pay any employees under an award, add the names of each award applicable. This way, you can ensure the award classification appears on every pay slip, which is a legal obligation for all employees paid under an award. (If none of your employees are on an award, you can safely skip this step.)



REMEMBER

9. Go to the Pay Slip Email Defaults tab.

This is the final tab on the Payroll Settings page.

10. Optional: Set the default Subject and Message in the Pay Slip Email Defaults section.

11. Enter the Reply-To Email Address and the corresponding From Name.

Whatever you enter as the email address here will become the email address MYOB uses for all emails sent, including for invoices and quotes.



WARNING

12. Click Save.

Well done! And now, with this step complete, it's time to check your linked payroll accounts. Lead on, Macduff . . .

Checking linked accounts

Linked accounts provide a road map for MYOB Business, ensuring transactions end up in the right spot every time.

To check your linked accounts:

1. Go to Accounting → Manage Linked Accounts. Click the Payroll tab.

Your Payroll Linked Accounts appear, similar to Figure 11-1.

2. Review your payroll bank accounts.

The first three accounts relate to how you pay your employees. Usually, you select Payroll Clearing as the Bank Account for Cash Payments, your regular business account as the Bank Account for Cheque Payments, and Electronic Clearing as the Bank Account for Electronic Payments. ('Completing payment details', later in this chapter, explains more about employee payment settings.)

3. Ensure the Default Employer Expense Account is linked to an expense account called Superannuation.

Ensure that this account is an expense account starting with the number 6. You *don't* want to select Superannuation Payable here (which is a liability account).

4. Ensure the Default Wages Expense Account is linked to an expense account called Wages.

This account may also be called Salaries or something similar. The main thing is that you choose an expense account here.

5. Check the Default Tax/Deductions Payable Account is linked to a liability account called PAYG Withholding Payable.

6. Click Save when you are happy with your linked accounts.



WARNING

Linked accounts	
Accounts & Banking Sales Purchases <u>Payroll</u>	
Bank account for cash payments	1-1300 Payroll Clearing Account
Bank account for cheque payments	1-1100 NAB Business 2925
Bank account for electronic payments	1-1400 Electronic Clearing Account
Default employer expense account	6-7050 Superannuation Expenses
Default wages expense account	6-7000 Wages & Salaries
Default tax/deductions payable account	2-2100 PAYG payable

FIGURE 11-1: Checking your Payroll Linked Accounts are correctly configured.

Setting Up Pay Items

Before you can make your first pay run (which I will get to in Chapter 12), you need to configure your pay items correctly. In this next section, I explain how to configure pay items for wages, leave and superannuation.

Creating wage pay items

Wage pay items cover everything you pay to your employees — salaries, holiday pay, personal leave, allowances, penalty loadings, bonuses and so on. Every type of payment you make to an employee links to its own pay item.

Your Pay Items list comes well stocked with lots of categories. These default pay items fit the bill for most businesses, but you may want to add a few, especially if your employees receive shift loadings, unusual penalty rates or allowances. Here's what to do:

1. Go to Payroll → Pay Items.

This opens the Pay Items page, which shows the default pay items already available to you.

2. Click Create Wage Pay Item.

The Create Wage Pay Item page appears.

3. Name the pay item.

You can name the pay item as you see fit, such as Overtime, Leave Loading or Tool Allowance. You can also enter a different name that will display on employee pay slips for this pay item.



TIP

You need to add a different name for family and domestic violence leave because as per legislation it must show on pay slips as a regular pay item, as confidentiality is particularly important in this instance to protect the staff member.

4. Select an ATO Reporting Category from the drop-down field.



REMEMBER

Choosing the correct category here is one of the most important things you need to get right before connecting STP. See 'Making sense of ATO reporting categories' later in this chapter for more information.

5. Choose between Salary or Hourly as the Pay Basis.

For a fixed amount salary that employees receive each pay run, pick Salary as the Pay Basis. For wages payments based on the number of hours worked (in particular, for part-time and casual employees, where pay includes other pay items, such as overtime or penalty rates), choose Hourly.

6. If you choose Hourly, select how you want to calculate the Pay Rate.



WARNING

If you opt for a Fixed Hourly Rate, only enter a rate if this rate will be the same for all employees (which isn't often). If different employees have different pay rates, leave this field blank. (You can enter specific rates for each employee when you set up standard pays — see 'Creating standard pay templates' later in this chapter for more details.)

If you opt for Regular Rate Multiplied By, add the multiplier in the second field. For example, enter the number **2** in the field for double-time, or enter **0.175** for leave loading calculated at 17.5 per cent.

7. Optional: If you want these wages to be reported to a separate account code, click Override Employees' Wage Expense Account and select your preferred account.

Selecting this option enables you to report this wage pay item separately on your Profit and Loss report. For example, instead of including motor vehicle allowances as part of your Wage Expenses account, you can click this override account option in the Motor Vehicle Allowance pay item and then link this to an expense account called Motor Vehicle Allowance. This allowance will then appear as a separate line in your Profit and Loss report.



TIP

This function may be useful for separating specific wages categories such as allowances on financial reports, but if you wish to separate different employee categories on your Profit and Loss reports (for example, separating Management Wages from Production Wages), you're best to do this in the Wages Expense account under the Wages & Salaries sub-tab for each employee.

8. Optional: Click Automatically Adjust Base Hourly or Base Salary Details.

This option is useful for pay items such as Annual Leave Pay or Personal Leave Pay because it helps to prevent the doubling-up of pay hours. For example, imagine your full-time employee weekly hours are set to 38. If an employee is off sick one day and you enter 7.6 hours for Personal Leave Pay when processing the pay run, MYOB will adjust the employee's base hours to 30.4 for that week without you having to do anything.

9. Optional: Add Employees to the wage pay item.

I tend not to add employees at this stage as I find it easier to select the correct pay items when I get to the stage of reviewing the settings for each employee.

10. Select the relevant categories if this pay item is exempt from any deductions or tax.

The most likely exemption is PAYG Withholding. Do check with your accountant, but wage pay items usually exempt from PAYG include reimbursements to employees for out-of-pocket expenses, or motor vehicle allowances paid as cents per kilometre reimbursements.

11. Ask yourself whether Superannuation Guarantee is payable on this wage item.

You don't need to pay super on every category of wages but rather, you only pay super on what's called Ordinary Time Earnings. If you think this new wage item may not be included in the definition of Ordinary Time Earnings, skip to 'Double-checking super pay items' later in this chapter.

12. Save your fantastic work.

You return to the Pay Items list, where you can check the new pay item appears.

Reviewing leave items

If you have any employees who are paid on a full-time or a part-time basis (as opposed to being casuals), you need to ensure your leave pay items are set up correctly.

Employees paid on an hourly basis

For employees paid on an hourly basis, regardless of whether they are full-time or part-time, here's how to review their leave settings:

1. Go to Payroll → Pay Items and skip to the Leave tab.

You should see several default leave items displayed.

2. Click the Annual Leave Full Time Hourly pay item (for annual leave) or the Personal Leave Full Time Hourly pay item (for personal leave).

Or, if you have part-time employees who are paid hourly, click the Annual Leave Part Time Hourly or Personal Leave Part Time Hourly pay items.

3. Review the Leave Information settings.

The Calculation Basis should be Equals a Percentage of Wages and be based on a Percent of Gross Hours.

For employees who receive four weeks of annual leave and two weeks of personal leave per year (or pro-rata for part-time employees), the percentage should be 7.6923 per cent for annual leave and 3.84615 for personal leave.

How do these figures arise? A quick calculation is all you need (you know I love my maths!). For example, if annual leave is four weeks and each week is 38 hours, and you are looking for the percentage of wages based on 52 weeks of the year:

$$38 \times 4 = 152 \text{ hours}$$

$$152 \div (38 \times 52) \times 100 = 7.6923\%$$

These percentages are the minimum legal requirements in Australia. However, some awards go above these minimum entitlements, so do double-check your award or agreement first.



REMEMBER



WARNING

4. Under Leave Exemptions, review any wages pay items exempt from accruing leave.

Employees don't accrue leave on miscellaneous payments such as allowances, annual leave loading, bonuses, overtime or reimbursements, so take care to select these categories as exemptions. However, note that Annual Leave Pay and Personal Leave Pay should *not* be included under leave exemptions.

5. Click Carry Remaining Leave to Next Year and Show Leave Balance on Pay Slips.

Fair Work requires that you show annual leave balances on all employee pay slips, so don't unclick this option. However, you may prefer to unclick Show Leave Balance on Pay Slips for Personal Leave to avoid reminding employees of the amount of personal leave owing on every pay slip.

6. Check the Linked Wage Pay Items are correct.

Annual Leave Accrual should be linked to Annual Leave Pay; Personal Leave Accrual should be linked to Personal Leave Pay. If they're not, change them now.

7. Optional: Select any employees who receive this leave.

I prefer not to select employees here, and instead configure all payroll categories individually when setting up each employee.

8. Click Save.

By now, your leave item should look similar to Figure 11-2.

Employees paid on a salaried basis

If you have any employees who receive a salary, rather than being paid by the hour, the instructions for setting up leave are pretty much the same as in the preceding section but with two differences:

- » Instead of reviewing the Full Time Hourly and Part Time Hourly pay items, you need to review the Full Time Salary pay items.
- » The Calculation Basis should be Equals Hours Per Pay Period, and for employees receiving four weeks annual leave per year who work 38 hours per week, the Hours Per Year should be 152. (That's 4 multiplied by 38, in case you're wondering.) For employees receiving two weeks' personal leave per year who work 38 hours per week, the Hours Per Year should be 76.

Annual leave Full time hourly

Details

Name Annual leave Full time hourly

Name for pay slip Annual leave accrual

Leave information

Calculation basis Equals a percentage of wages

Percentage % 7.6923

Percent of Gross Hours

Show leave balance on pay slips

Carry remaining leave over to next year

Leave exemptions

Select the wage pay items that should have their hours exempt from accruing leave. [What are exemptions?](#)

Name	Type
Annual Leave Loading	Wages
Overtime (1.5x)	Wages
Overtime (2x)	Wages

Add exemption

Link wage pay item

A wage pay item needs to be linked to this leave accrual. [What is a linked wage pay item?](#)

Name Annual Leave Pay

Add linked wages

Employees using this pay item

Name Add employee to pay item

Delete

Cancel Save

FIGURE 11-2:
Adding leave exemptions to the default Annual Leave Full Time Hourly accrual pay item.

Double-checking super pay items

In order to be certain that superannuation calculates and accrues correctly, you should double-check the configuration of your Superannuation Guarantee pay item. Here's how:

1. Go to Payroll → Pay Items and click the Superannuation tab.
2. Click the Superannuation Guarantee pay item and check the Linked Accounts are correct.



WARNING

At the time of writing, the Linked Payable Account is set incorrectly to PAYG Withholding in new MYOB company files. You will need to rectify this. The Linked Expense Account should be Superannuation Expense (and should start with the number 6) and the Linked Payable Account should be Superannuation Payable (and start with the number 2).



REMEMBER

3. Ensure that Print on Pay Slip is clicked.

Fair Work requires that you report superannuation on all employee pay slips.

4. Select Minimum Required Rate as the Calculation Basis.

Don't worry that you can't edit this rate: MYOB will automatically update the minimum rate each year if required, based on federal legislation.

If your employees receive more than the minimum rate, as negotiated in many agreements and some awards, you will need to create an additional Super Guarantee pay item. Ask advice from your accountant if this applies.

5. Optional: Set a limit.

For high-earning employees, the ATO specifies a quarterly limit beyond which superannuation is not compulsory (in 2023/24 this limit is \$62,270 per quarter).

6. Save your precious dollars, and add Exemptions for all wage pay items for which you don't have to pay super.

The trick is this: Superannuation Guarantee is only due on what is termed *Ordinary Time Earnings* (OTE). You can find resources on the ATO's website regarding what is considered OTE, but at the time of writing, you don't have to pay super on the following wage pay items: Allowances, annual leave loading, employee advances, some overtime payments, and unused leave.



TIP

7. Check your work and click Save.

Figure 11-3 shows the correct set up for your Superannuation Guarantee pay item.

Superannuation Guarantee

Details

Name: Superannuation Guarantee

Name for pay slip: Superannuation Guarantee

Contribution type: Superannuation guarantee (expense)

Linked expense account: 6-5400 Superannuation expense

Linked payable account: 2-2900 Superannuation payable

ATO reporting category: Superannuation guarantee [What's this?](#)

Super information

Print on pay slip

Calculation basis: Minimum required rate (11.00% of gross wages)

Calculates the minimum rate required by law based on the date of payment when processing a pay run. This rate will automatically update based on federal legislation.

Exclusions \$: 0.00

Limit: No limit

FIGURE 11-3:
The correct setup
for your
Superannuation
Guarantee pay
item.



TECHNICAL
STUFF

DEALING WITH OTHER KINDS OF SUPER

Do you deduct super from an employee's pay under a salary sacrifice arrangement or do you pay employer superannuation (that is, super above the minimum rate)? If so, you need to ensure that the pay items for Salary Sacrifice and Employer Additional Superannuation are configured correctly in MYOB.

Head to Pay Items, click the Superannuation tab, and click the relevant pay item. For both Salary Sacrifice and Employer Additional Superannuation, ensure the Linked Payable Account is a liability account called Superannuation Payable (and not PAYG Withholding, which is frequently set as a default in error).

Next, check that Salary Sacrifice and RESC is selected as the ATO Reporting Category (RESC stands for Reportable Employer Superannuation Contributions, in case you're wondering).

For Salary Sacrifice pay items, the best approach is usually to select Per Pay Period in the Super Information, but leave the Dollar field blank. You can then specify how much of this type of super to deduct in each employee's standard pay. This elegant solution calculates the correct super deduction each week for each employee, avoiding the need to set up a separate Salary Sacrifice pay item for each amount.

Adding a New Employee

In this next section, I explain how to add a new employee into MYOB. This process can feel quite daunting the first time around, but in the next few pages of this chapter, I explain everything you need to know.

Inviting employees onboard

You have two options in MYOB when it comes to setting up new employees:



TIP

- » **Employee Self-Onboarding:** This process provides the ideal way to collect employee information in a secure manner. You simply ask MYOB to send new employees a link to a 'self-onboarding form'. The employees click the link to complete their contact, tax and superannuation fund details. Once the employee submits this information, MYOB creates the employee in your file, prefiling all the details supplied by this employee.

I explain how Employee Self-Onboarding works in the next section 'Taking a break from the heavy lifting'.

» **Manual setup:** With this option, you ask employees to complete a Withholding Declaration and Superannuation Standard Choice Form. When they return this to you (via a printed, paper form — not via email as due to the Privacy Act, sensitive personal information cannot be sent via email), you'll need to enter this information into MYOB.

I explain how to enter this information in the section 'Adding employee details manually'.

Taking a break from the heavy lifting

Employee Self-Onboarding helps you collect employee data quickly and easily, with the added benefit that the security of your employees' personal information is protected. Here's what to do:

1. Go to Payroll → Create Employee.

The Employee Self-Onboarding pop-up window appears.

2. Enter the employee's first name, surname and email address (you can also add a mobile number to send an additional invitation via text message).

3. Tick Invite Employee to fill out their own details and then Continue.

The Employees page appears, which shows all your Self-Onboarding Invites, including this latest one, along with their Status.

4. The employee will receive an email with the link to a secure online form, where they can complete their personal details, emergency contacts, bank details and tax details, and add their superannuation fund (or select from the funds on offer if they don't have a fund yet).

Figure 11-4 shows what the employee sees when they open the link to view the form.



TIP

You may want to advise employees to ensure they have their bank details and tax information to hand — MYOB offers no option to save and complete later, so they need to complete the form in one sitting.

5. Wait for MYOB to notify you by email that the employee has done their stuff.

All done! You're now ready to complete the setup for this employee. See 'Entering employee rates and other details' and 'Creating standard pay templates' for what to do next.

FIGURE 11-4:
An Employee
Self-Onboarding
form, which can
be accessed
securely online.

The screenshot shows a mobile application interface for 'Personal Details'. At the top, there are navigation tabs: 'Personal Details' (selected), 'Emergency Contacts', 'Bank Details', 'Tax Details', 'Super Selection', and 'Benefits'. Below the tabs, the form is titled 'Personal Details' and is divided into two main sections: 'Identification' and 'Contact details'.
Identification section:
- 'Legal first name *': Text input field containing 'Luke'.
- 'Middle name': Text input field with placeholder 'Enter your middle name'.
- 'Last name *': Text input field containing 'Walker'.
- 'Title *': Dropdown menu with 'Select your title'.
- 'Date of birth *': Three input fields for 'dd', 'mm', and 'yyyy'.
- 'Gender *': Dropdown menu with 'Select your gender'.
Contact details section:
- 'Email *': Text input field with placeholder 'luke@domain.net.au'.
- 'Mobile number *': Text input field with a '+' sign.
- 'Street address *': Text input field with placeholder 'Enter your street address'.
- 'Town/Suburb *': Text input field with placeholder 'Enter your town/suburb'.
- 'State *': Dropdown menu with 'Select your state'.
- 'Postcode *': Text input field with placeholder 'Enter your postcode'.
A blue 'Save and continue' button is located at the bottom right of the form.



TIP

If you need to refer to the information supplied by the employee at any point in the future (perhaps an employee is querying their tax scale or something similar), go to Payroll → Employees and select the employee in question. Click the Contact Details tab and at the top click View Employee Details. MYOB will download a PDF summary of the information provided by this employee. This summary also satisfies the requirement from Fair Work for storing employee records. You can also find the employee's completed Super Choice Form under the Superannuation tab.

Adding employee details manually

If an employee isn't able (or doesn't want) to onboard themselves, you can still add their details manually. Here's how:

1. Go to Payroll → Create Employee.

The Employee Self-Onboarding pop-up window appears here.

2. Instead of sending the self-onboarding form, click Skip This, I'll Add the Employee's Details Myself.

The pop-up window disappears and you arrive at the Contact Details tab on the Create Employee page.

3. Complete the Contact Details tab, filling in the name, address, email address, phone number and so on.

A full address is important both for your payroll records and for connecting to STP. Fair Work also requires you to add an email for sending pay slips, and super funds require a phone number if you pay super using MYOB Pay Super.



TIP

You can add other important information in the Notes field. For example, MYOB prefills emergency contact details here when you set up employees using employee self-onboarding.

4. **Click Save.**

You're now ready to complete the setup for this employee. See 'Entering employee rates and other details' and 'Creating standard pay templates' for what to do next.

Entering employee rates and other details

After you have created a new employee and added their contact details (refer to the previous section if you haven't done so yet), you're ready to configure pay rates and other settings. This process can be a little technical first time around, so keep hold of your hat:

1. **Go to Payroll → Employees and select the employee you want to add details for.**

You arrive at the Contact Details tab, which by now should have all details complete. (If not, refer to the previous section.)

2. **Go to the Payroll Details tab and complete the Employment Details sub-tab.**

The Date of Birth, Start Date, Employment Category and Employment Basis are required for STP reporting. If this employee is covered under an award, you also should select an Employment Classification.



REMEMBER

Don't use Other (Not Reported) as the Employment Classification for anyone other than subcontractors. (I expand on why some subcontractors may be set up as employees for super guarantee purposes in Chapter 12.)

3. **Go to the Salary and Wages sub-tab and choose the Pay Basis.**



REMEMBER

Only select the Pay Basis as Salary if you have a true salaried employee, where hours of work are not so important.



TIP

If you choose Salary as the Pay Basis, enter the salary in the Annual Salary (\$) field as a gross total for the full year. MYOB automatically calculates the hourly rate on this basis, just in case you need to switch to using Hourly Rate at some future point.

Choose Hourly if the employee works on a part-time or casual basis, if their hours vary from week to week, if the employee receives any kind of loadings, penalties or overtime, or if the employee's award limits the daily hours of work. Add the hourly rate in the Hourly Rate (\$) field.

4. **Select the Pay Cycle for this employee (options range from Weekly to Quarterly).**
5. **Enter the standard Hours in a Pay Cycle for your business (generally, Fair Work says this is 38 hours per week but your industry award and agreements may differ).**

Note: These are an employee's standard hours, not the hours they work in a given week. The regular hours an employee works can be pre-set in the employee's standard pay.



TIP

If you're using timesheets or MYOB Team, set Hours in a Pay Cycle to 0.00 to prevent hours from doubling up.

6. **Choose your Wage Expense Account.**

The Wage Expense Account prefills based on your Payroll linked accounts (refer to the earlier section 'Checking linked accounts' for more on this). However, you can choose to direct this employee's gross wages to another Chart of Account code. For example, if you employ office staff, factory staff and management, you could create different expense accounts for each category of staff. This way, you can report on the cost of wages for each department.

7. **Allocate all wage pay items for this employee by clicking Add Wage Pay Item.**

Ask yourself which wage pay items apply to this employee.

For casuals, you only need to select Base Hourly unless they work weekends or at different rates, in which case you may need to select additional pay items such as Overtime or Shift Loadings. (If you need to add a pay item and you find it doesn't exist, refer to the earlier section 'Creating wage pay items'.)

For permanent employees, select either Base Hourly or Base Salary, as well as Annual Leave Pay and Personal Leave Pay. In some instances, you may need to select Overtime, Annual Leave Loading or other relevant allowances. Figure 11-5 shows how the setup for a permanent employee might look.



REMEMBER

When setting up employee payroll, ensure you're intimately acquainted with each employee's award — or, for non-award employees, that you have their employment contract close to hand.

8. **Go to the Leave sub-tab and select leave entitlements as required.**

Select one Annual Leave and one Personal Leave item for each full-time or part-time employee. (Refer to 'Reviewing leave items' earlier in this chapter if you're not sure which one to pick.) If this person is employed on a casual basis, you don't need to select anything here.

Cindy Charming

Contact details Payroll details Payment details Pay slips

Employment details Salary and wages Leave Deductions Superannuation Expenses Taxes Standard pay Pay history

Pay details

Pay basis Salary Hourly

Annual salary \$ 98,800.20

Hourly rate \$ 50.00

Pay cycle Weekly

Hours in a pay cycle 38.00

Wage expense account 6-7000 Wages & Salaries

Allocated wage pay items

Name	Type
Allowance Car	Hourly
Annual Leave Pay	Hourly
Base Hourly	Hourly
Overtime (1.5x)	Hourly
Personal Leave Pay	Hourly
Add wage pay item	

Delete Cancel Save

FIGURE 11-5: Completing the Salary and Wages tab when creating an employee.

9. Go to the Deductions sub-tab if you have any Deduction Pay Items to add for this employee.

Deductions are generally unique to each employee or award. A common deduction is child support, but other deductions may include salary packaging or garnishee payments. Refer to the earlier section 'Creating wage pay items' if you need to create any deductions.



TIP

10. Go to the Superannuation sub-tab and check the superannuation information for this employee.

If this employee was added using the self-onboarding feature, this information will be complete.

If this employee didn't self-onboard, they must complete a Superannuation Standard Choice Form to confirm which superannuation fund they want their super payments to go into. Once you receive this info, enter the employee's super fund and employee membership number.

11. If the super fund nominated by your employee doesn't exist in the list, select Create Superannuation Fund from the Superannuation Fund menu. Select your Fund Type and Fund Name.



TECHNICAL
STUFF

Most employees will have Standard as their Fund Type. When you select the Fund Name, the SPIN/USI (Superannuation Product Identification Number/ Unique Superannuation Identifier) and Fund ABN fields populate automatically, so be sure to double-check you have the correct SPIN/USI as some funds provide many you can choose from. If you can't see the name of the employee's fund in this list, you may need to contact MYOB support.



TIP

Don't be confused by the Employer Membership Number field — this field isn't for the employee's membership number, but rather is where you record your employer membership number if you have one. You're generally best to leave this field blank.

12. Allocate Super Pay Items to the employee by clicking Add Superannuation Pay Item and selecting from the drop-down menu.

The Superannuation Guarantee pay item is already here by default. Superannuation is payable to almost every type of employee or subcontractor but if you're confident that somebody *isn't* eligible for super, you can remove the item (the ATO can advise on employee and subcontractor eligibility for the super guarantee). Be sure to add any other relevant super items for the employee, such as Salary Sacrifice super.

13. Optional: Go to the Expenses sub-tab and add expense pay items.

If you need to track benefits (other than superannuation) that you pay on behalf of your employees, set these up as an expense pay item. In practice, few businesses use Expense pay items.

14. Review the tax information. If it is incomplete, go to the Taxes sub-tab and complete the employee's tax information.

If this employee didn't self-onboard, they must complete a Withholding Declaration. You can then use this declaration as a reference to record the employee's Tax File Number and select the appropriate Tax Table.



WARNING

Employees aren't always sure how these tax tables work, especially with regard to tax-free thresholds, so if the employee self-onboarded but this info doesn't look or feel right, give them a call to check.



TIP

To help you (or your employee) select the correct tax table, click Fill Out TFN Declaration Questions. In the pop-up window that appears, answer the questions carefully and MYOB will select the correct tax table for you.

15. Still under the Taxes sub-tab, select the Income Type and add details of any withholding variations or tax rebates.

This section may seem scary, but if in doubt, select Salary and Wages as the Income Type and leave all the other fields blank (the Income Type field is

required in order to connect to STP). Only alter the Income Type if advised by your accountant to do so, and only select additional tax if an employee specifically asks.

16. Go to the Standard Pay sub-tab and complete the employee's standard pay information.

Standard pay templates are awesome once you understand how they work. Make your way to the later section, 'Creating standard pay templates', to get the whole picture.



WARNING

17. Ignore the Pay History sub-tab.

If you're in the rare situation that you're starting MYOB in the middle of a payroll year and you need to transfer year-to-date STP balances for existing employees, you're best to ignore the Pay History sub-tab and (a) ask your bookkeeper or accountant for help, (b) transfer your data using a BMS ID (a topic I discuss in 'Connecting to the ATO' later in this chapter) or (c) record a single pay run with carried forward totals for each employee.

18. Click Save.

My goodness. At 18 steps long, this might be the longest list in this entire book! Well done.

Completing payment details

The last step in setting up an employee is to review their payment details. To do this, go to edit the employee (select Employees from the Payroll menu), and then head to the Payment Details tab.

You'll see you have three choices as the Payment Method: Electronic, Cheque or Cash. The terminology is hugely confusing here, so read on with care:

- » **If you pay employees individually using internet banking:** Select Cash as the Payment Method (sounds wrong, but trust me!).
- » **If you want to pay employees in a batch by exporting a payment file out of MYOB and into your internet banking:** Select Electronic as the Payment Method. See Chapter 14 for more details.
- » **If you pay employees using cash or cheque:** Select Cash or Cheque as the Payment Method.



WARNING

If an employee uses Employee Self-Onboarding to add their own details, and in the process of doing so enters their bank account information, the Payment Method defaults to Electronic. If you're paying this employee individually using internet banking, remember to allocate the transaction to your Electronic Clearing

account, rather than to your Payroll Clearing account, when the payment comes through your bank feed.



REMEMBER

The payment methods I recommend in this section rely upon your linked accounts being configured correctly. Refer to ‘Checking linked accounts’ earlier in this chapter if you haven’t already done so.

Creating standard pay templates

The idea behind standard pays is you can set up a default template for each employee’s regular pay, specifying how many hours an employee works each pay cycle, what allowances they receive and the amounts, whether the employee has extra super contributions, and so on. These details then flow through to the Create Pay Run page, ready to record each employee’s pay automatically, with hopefully minimal intervention from you.

Of course, you can still edit an employee’s pay before you record it (for example, to add holiday pay hours), but the default makes a good starting point.

To view or edit an employee’s standard pay, go to Payroll → Employees to find the employee, click the Payroll Details tab and head for the Standard Pay sub-tab. What you should see is every element of the employee’s pay, with amounts against each Pay Item that applies, as shown in Figure 11–6.

Here are some tips about applying standard pays to your employees:



WARNING

» **Missing pay items:** If a pay item doesn’t show up in the employee’s standard pay, it’s because you haven’t added this pay item to the employee’s record. Return to the relevant sub-tabs under the Payroll Details tab for this employee (Salary and Wages, Leave, Superannuation, and so on), select the pay item you need to add for that employee, and then return to the Standard Pay sub-tab.

» **If you intend to use the timesheets feature and MYOB Team, set the number of base hours in the standard pay to zero:** Otherwise, MYOB will add the standard pay hours onto the timesheet hours, potentially doubling the hours on an employee’s pay.

Chapter 13 covers MYOB Team in more detail.

» **Part-timers:** Add the number of regular hours next to the Base Hourly wage item so that these hours populate automatically when processing pay runs.

» **Casuals:** If you employ casuals whose hours vary every week, get wise and change the number of hours in the Hours column of their standard pay to zero hours. That way you don’t risk accidentally paying a casual for hours that they didn’t work.

Cindy Charming

Contact details Payroll details Payment details Pay slips

Employment details Salary and wages Leave Deductions Superannuation Expenses Taxes Standard pay Pay history

Base pay details

Pay cycle Weekly

Hours per pay cycle 38.00

Pay slip message Pay Cindy Charming

All allocated pay items

Name	Hours (hrs)	Amount(\$)	Job
Wages			
Base Hourly	38.00	1,900.00	
Allowance Car	0.00	0.78	
Annual Leave Pay	0.00	0.00	
Overtime (1.5x)	0.00	0.00	
Personal Leave Pay	0.00	0.00	
Deductions			
Salary Sacrifice		100.00	
Taxes			
PAYG Withholding		Calculated	
Leave			
Annual Leave Accrual Hourly		Calculated	
Personal Leave Accrual Hourly		Calculated	
Expense			
Superannuation Guarantee		0.00	

Delete Cancel Save

FIGURE 11-6: Standard pays are the easiest way to ensure employee pays calculate correctly every pay period.

» **Allowances and overtime rates:** Rather than setting up a new pay item for every different rate or amount (which will soon become messy), create one pay item and set the rate or amount as per the employee's standard pay. For example, if you have a Saturday Pay item, where the rate payable to casual employees changes depending on the age of the employee, you can have one pay item set at a fixed rate of \$0.00 but then add the actual rate within the standard pay for each employee.



TIP

If you're not sure whether your standard pays are all set up correctly, the proof of the pudding is this: If you find yourself making the same change to an employee's pay every pay cycle (for example, changing the amount of an allowance or deduction), this means that the employee's standard pay info isn't set up right and you need to fix it.

Setting Up Single Touch Payroll

After you have completed your payroll setup, including setting up your employees and wage pay items, you need to connect your file to the ATO for Single Touch Payroll (STP) reporting. STP is a fairly meaningless phrase, but essentially means that a summary of all payments made to employees must be sent via electronic form to the ATO on or before the date of payment.



REMEMBER

In this section, I explain everything you need to know in order to get STP up and running for your business.

Making sense of ATO reporting categories

Before connecting to STP, you need to assign an ATO reporting category to every wage, superannuation, deductions or tax pay item that you use on employee pays.

To get started, go to Pay Items from your Payroll menu. Click the first item under the Wages and Salary tab that you know will be used on an employee's pay. Go to the ATO Reporting Category and select the category that makes most sense to you. Repeat this process for every pay item you use in your payroll (don't worry about selecting reporting categories for obscure items such as CDEP payments or Commissions, unless they actually apply to your business).

While I wish I could give you a list of the ATO reporting categories you should use in each instance for your pay items, this would be constituted as 'advice' and without me knowing all the intricacies of your business, I can't offer such specifics. The choice for many categories is clear, but when it comes to allowances and lump sum payments, you may need some more expert advice.

If you are new to payroll and the STP world, I highly recommend you read the STP 2 employer reporting guidelines on the ATO website.

Checking you're ready to rock

Before you try connecting to STP, make sure the following is in order:

- » **Ensure your business settings are complete:** Go to your Settings → Business Settings and ensure your Business Name, ABN, Industry Code and Contact Details are complete.



WARNING

In particular, ensure your ABN is correct. MYOB will check your ABN is valid when you connect to STP, but just because an ABN is valid doesn't mean it's actually the correct ABN for your business. An incorrect ABN can be complicated to fix, so double-check.

- » **Ensure employee information is complete:** I talk more about employee information in 'Adding a New Employee' earlier in this chapter, but for STP purposes, employee essentials include: Full address details (found under the Contact Details tab); Start Date, Employment Category and Employment Basis (found under the Employment Details sub-tab); Tax File Number, Tax Table and Income Type (found under the Taxes sub-tab).
- » **Complete the ATO reporting categories:** For more about ATO reporting categories, return to the preceding section.

Connecting to the ATO

To connect to the ATO, follow these steps:

1. Go to Payroll → Single Touch Payroll Reporting.

An STP information page appears.

2. Click the Get Started button, and, if MYOB reports any errors, click View Errors.

If you have any errors relating to STP reporting, the Single Touch Payroll Errors page displays. Follow the prompts to work through each issue and click Refresh once you're done. (To read more about preparing for this stage, refer to the previous section.)

The Overview page appears, which is the first of seven stages (see Figure 11-7).

3. Read the Overview page, then click Get Started again.

4. Choose your role in the business and click Next.

If you, the individual logged into the MYOB file with your email, represent the business, select Someone from the Business.



TIP

On the other hand, if you're working on this file in a professional capacity and you're a registered tax or BAS agent, click Tax Agent or BAS Agent, followed by your ABN and Registered Agent Number. Click Search to find your Contact Details (or add these if they don't come up). Enter your details carefully here to ensure that MYOB assigns you the same Software ID for all your MYOB clients. This way, you only need to inform the ATO of one MYOB Software ID.

Figure 11-7 shows this detail.

FIGURE 11-7:
The right role
setup is crucial
for connecting
STP reporting
in MYOB.

5. Enter the Declaration Information for the individual or agent and click Next.

6. If you are an agent, complete the Add Clients step to confirm that you are an agent for the business. Add the business to your Agent ATO Portal (if you haven't already), then click Next.

This step only appears if you're an agent, ensuring you already have this business on your ATO Client List (if you don't, your STP lodgement will be rejected).



REMEMBER

7. Notify the ATO of your Software ID, then click I've Notified the ATO.

You arrive at a page similar to Figure 11-8. To notify the ATO that MYOB is your software provider, you have two options:

- Call the ATO on 1300 85 22 32. Go through the ID check and give them your Software ID, telling them you use MYOB for payroll.
- If you have a myGov ID, log in to the ATO Access Manager and add your Software ID under the Hosted SBR software service on the left. All the instructions are on this screen, so just follow the steps (or take a picture with your phone so you can come back later if you wish to check).

8. If you want to use a BMS (Business Management Software) ID to transfer your STP data across from another payroll software in the same financial year, click Yes on the transfer BMS ID page and enter your previous BMS ID when prompted. Click Report Previous BMS ID to continue.

You only need to select Yes if you're migrating payroll data from a different payroll software provider in the middle of a payroll year. By transferring your BMS ID, the ATO knows to transfer payroll data from your previous system into MYOB. This transfer process is seamless and ensures year-to-date payroll data will be accurate for every employee.

When you select Yes, another field appears for you to enter your previous software BMS ID (you can find this ID on your myGov account linked to the ATO). I recommend you ask for guidance from your accountant or bookkeeper on using a BMS ID.



If you select Yes and report your previous BMS ID, this information is lodged with the ATO as a pay event for STP reporting. You **must** wait for the status of this pay event to change to Accepted (you can view progress by going to Payroll → Single Touch Payroll Reporting, and looking at the status on the STP Reports tab) before you can process any new payroll transactions.

9. If you do not wish to transfer your BMS ID, select No and click Next.

Look at you go! All done.

Set up Single Touch Payroll reporting

- Overview
- Your role
- Declaration information
- Add clients (Agents only)
- 5. Notify ATO**
- 6. Transfer BMS ID
- 7. Done!

Notify the ATO you're using MYOB for payroll reporting

To start using Single Touch Payroll reporting you'll need to nominate MYOB as your online software provider in one two ways.

Option 1. Phone the ATO on 1300 85 22 32

This only takes a few minutes. Make sure you have your own TFN, ABN or RAN (for agents), to verify your identity.

- Follow the prompts and provide the following details

Software ID	Service provider name	ABN
2722375536	MYOB AUSTRALIA PTY LTD	[REDACTED]

- Once confirmed, click I've notified the ATO on this page.

Option 2. Create notification in Access Manager

If you have an Access Manager account, you can notify the ATO online. You can also create an Access Manager account.

- Log into Access Manager.
- Click My hosted SBR software services from the left hand menu.
- Click Notify the ATO of your hosted service.
- Complete all steps using the following details.

Software ID	Service provider name	ABN
2722375536	MYOB AUSTRALIA PTY LTD	[REDACTED]

- Once confirmed, come back to this page and click I've notified the ATO button.

[Launch Access Manager](#)

Read the detailed instructions: [Notify us of a hosted SBR software service](#) (ATO website).

Previous **I've notified the ATO**

FIGURE 11-8: Notifying the ATO that you're using MYOB for payroll reporting.

Preparing to Pay Super

All businesses must pay super contributions electronically using a clearing house. You're no longer allowed to pay employee super directly into an employee's super fund; instead, you must pay employee super to a registered clearing house, which is then responsible for distributing payments to different funds.

In good news, MYOB has its very own clearing house, known as MYOB Pay Super. In even better news, you don't need to pay any fees to use this service, so long as you have a current MYOB Business subscription. Access to MYOB Pay Super is built into the payroll features, meaning you can record and authorise superannuation payments directly from MYOB. This method is both simple and efficient, enabling you to make payments in a matter of minutes and simplifying your compliance obligations.

Follow these steps to set up MYOB Pay Super:



REMEMBER

1. Go to Payroll → Super Payments and click Sign Up to Pay Super.

You need to be the owner of the file to sign up to Pay Super.

2. Enter your business details and address, then click Next.

Enter your bank details and set a monthly or quarterly payment limit. Your bank details are required because after you authorise the super payment, MYOB will direct debit the funds from your nominated account.

3. Set the User Roles, then click Next.

Not all users need to be assigned a role, just those who will have a part in the processing and paying of super. Choose from the Creator (records payments), Authoriser (records and authorises payments) or Administrator (can record and authorise payments, as well as change super details online). Other users will remain on None.

4. Read the declaration that pops up and click on I Confirm (if you do wish to confirm, of course), then click Next.

5. Review all the details you've entered and click Submit.

6. Verify your bank details to complete the setup.

MYOB will now deposit 1 cent into your nominated bank account to be sure it is drawing funds from the correct bank account (this deposit could take a couple of days).

- 7. Once you see the 1 cent deposit in your bank, go to Payroll → Super Payments. When prompted, enter the six-digit code that appears on the bank statement description line (for the 1 cent deposit transaction) into the verification code field and click Submit.**

Wait a few moments for the setup to complete. You are now connected to Pay Super and ready to make super payments via MYOB.

For more about processing superannuation payments, skip to Chapter 12.

THE SMALL BUSINESS SUPER CLEARING HOUSE

If you don't want to use MYOB's Pay Super feature, you will need to find another clearing house through which to manage your employee superannuation. A good alternative is the ATO's Small Business Superannuation Clearing House (SBSCH). This government-run service operates in the same way as any other clearing house (you make a single payment to the clearing house, and they manage the individual payments to each fund). The service is free, but only available for businesses with 19 employees or fewer.

The key advantage of this government-run service is that as soon as SBSCH receives your payment, the funds are deemed to have been received into each employee's super fund. This instant clearing of funds buys a little extra time to pay and, if you're running late, may help you avoid expensive fines. SBSCH also sends you an email notification when it receives your payments, so you have proof that you submitted payment by the due date.

However, as good as this solution may be, the requirement to manually set up new employees as well as rekey data means that SBSCH is nowhere near as efficient as using MYOB's Pay Super.

IN THIS CHAPTER

- » Paying up, in style
- » Getting annual and personal leave right
- » Paying your superannuation dues
- » Deducting tax from employee pays
- » Balancing payroll liability accounts
- » Saying farewell to an employee
- » Finishing the payroll year

Chapter **12**

Paying Your Employees

In Chapter 11, I guide you through setting up payroll, including creating employees, checking pay items and connecting to Single Touch Payroll (STP). In this chapter, I take you through the day-to-day payroll tasks, from creating pay runs to paying super.

I also talk you through the benefits of checking your data throughout the year so that finalising and reporting payroll at the end of the year is as stress-free as possible.



REMEMBER

Payroll legislation is undeniably tricky, and processing payroll is probably the most technical aspect of bookkeeping. As I explain in Chapter 11, if you're in any doubt regarding industry awards or your payroll reporting obligations, then reach out to your accountant or bookkeeper for advice.

Processing Your First Pay

If you've completed all the setup processes described in Chapter 11, you're ready to record your first pay run. In the first section of this chapter, I explain how to create your first pay run, troubleshoot payroll calculations, check STP lodgements and last but not least, reverse, delete or adjust pays when errors arise.

Preparing timesheets

In this chapter, I explain how to record pays using the information that you set up in the standard pay for each employee (refer to Chapter 11 for more on employee setup). However, if you have lots of casuals, the start and finish times for your employees vary every week, or employment agreements require you to maintain timesheets, then I suggest you not only use standard pays, but also that you use the Timesheets feature in MYOB Team (if it is included in your subscription).

You may be wondering why I recommend MYOB Team, when timesheets already exist under the Payroll menu. (Head to the Payroll menu and select Timesheets if you're wondering what I'm talking about.) I find entering timesheets under the Timesheets menu to be both time-consuming and error-prone. In contrast, the MYOB Team app enables employees to create their own timesheets ready for you to review. Once these timesheets are approved, the total hours are pushed through to populate your pay run for that week, without you having to enter a single start or finish time.

I talk more about this app and working with timesheets in Chapter 13.

Creating your first pay run

In this section, I explain how to create a pay run, with the assumption that you've already added up the total hours the employee is due to be paid. I also assume that if you have decided to use timesheets, then this data has already been recorded and approved. (Refer to the previous section for more about timesheets.)

Ready to go? Here's how to record your first pay run:

- 1. Go to Payroll → Single Touch Payroll Reporting and check that you have connected your MYOB file to the ATO.**

If you're connected, then the Single Touch Payroll Reporting page appears, with a series of tabs along the top. If you're not yet connected, you arrive at an STP information page with a button saying Get Started. You must connect to the ATO before processing your first pay run (refer to Chapter 11 for more about how to do this).

2. Go to Payroll → Create Pay Run.

The Create Pay Run page appears, with Select Pay Period highlighted as the first step.

3. Choose a Pay Cycle, select the pay period's start and finish dates, and enter a Date of Payment.

The Pay Cycle refers to the Pay Cycle you chose when adding each employee to MYOB (refer to Chapter 11). If you have employees on different cycles, you need to process separate pay runs for each one (for example, process a pay run for everyone who is paid weekly, and another pay run for everyone who is paid monthly).



TIP

If you are processing your first pay run, you need to enter Pay Period Start and Pay Period Finish dates; after this, dates populate automatically for you. The Date of Payment is usually one day after the Pay Period End date.

All reporting to the ATO or to super funds is based on the date you actually pay your employee, rather than the dates hours were worked. For example, if a pay period goes from 23 June to 30 June but you pay the employee on 1 July, the wages, tax and super for this employee will be reported in the financial year in which the payment was made.



REMEMBER

If you use timesheets, be scrupulous that your Pay Period Start and Pay Period Finish dates match exactly with the timesheet start and finish dates. See also 'Preparing timesheets' earlier in this chapter.

4. Click Next.

The Calculate Pays page appears (similar to Figure 12-1), which shows a summary of all the employees in this pay run.

5. Make sure all employees you want to pay are on this list and that employees who have left or resigned aren't on this list.



TIP

If an employee is missing from this list, it's probably because you set up the employee's Pay Cycle incorrectly (for example, selecting Monthly instead of Weekly). To change this, go to the employee's details and open the Payroll Details tab to adjust their Pay Cycle. On the other hand, if an employee who has long since departed shows up in the list, you can fix this error by finding the employee's details and marking them as inactive on the Payroll Details tab. (Turn to the later section 'Biting the Bullet' for more on removing employees from payroll.)

If an employee is casual (like Chris James in Figure 12-1) and didn't work this pay period, remove the tick from against this person's name to exclude them from this pay run.

Calculate pays

1 Select pay period 2 Calculate pays 3 Record and report 4 Prepare pay slips 5 Done!

Pay cycle: Weekly Pay period start: Sat 01/07/20 Pay period end: Fri 07/07/20 Date of payment: Sat 08/07/20

Select employees to pay

6 employees selected

Employee	Gross (\$) ↓	PAYG (\$) ↓	Deductions (\$) ↓	Net pay (\$) ↓	Super (\$) ↓
<input type="checkbox"/> Chris James	0.00	0.00	0.00	0.00	0.00
<input checked="" type="checkbox"/> Cindy Charming	1,900.00	439.00	100.00	1,361.00	309.00
<input checked="" type="checkbox"/> Estelle Davies	1,520.00	342.00	0.00	1,178.00	167.20
<input checked="" type="checkbox"/> Fred Jones	3,307.69	1,004.00	0.00	2,303.69	363.85
<input checked="" type="checkbox"/> Luke Walker	1,710.00	408.00	0.00	1,302.00	188.10
<input checked="" type="checkbox"/> Sonya Flowers	1,900.00	473.00	0.00	1,427.00	209.00
<input checked="" type="checkbox"/> Susie Smith	912.00	131.00	0.00	781.00	100.32
	11,249.69	2,797.00	100.00	8,352.69	1,337.47

Save Save and close Previous Next

FIGURE 12-1:
The Calculate
Pays page.

6. In the Select Employees to Pay area, check the pay details for each employee, and edit the pays for any employees whose standard pay is different from normal.

Expand payment information by clicking the drop-down arrow to the right of each employee.

Figure 12-2 shows an individual employee's pay in the expanded view:

- The first section (Wages) is where you can change the hours, add overtime or add leave. (See 'Managing Leave Payments' later in this chapter for more about paying leave.) You can also adjust the Amount (\$) values as needed.
- The second and third sections show any Deductions, such as Child Support or Salary Sacrifice, and Taxes (that is, PAYG Withholding). The tax amount calculates based on the tax table you chose for this employee.
- The next section shows Leave Accruals. If this employee is a permanent staff member and yet no leave accruals appear here, you may have forgotten to enable their leave entitlements (if so, return to the employee's details and fix as needed).
- The final section shows Employer Expenses, which is the Superannuation Guarantee (SG) calculation.

If an employee has variations to their standard pay for this pay period (perhaps they did some overtime, went on leave or had a sickie), click Add Wage, select the pay item (for example, Annual Leave Pay) and edit the Hours or Amount column as required. You can also see the hourly rate being used for this calculation, helping you to ensure this pay item is calculating correctly.



TIP

With the first couple of pay runs, get out your calculator and check the calculations on each pay, including superannuation and leave accruals. Although it's okay to manually edit the hours or an amount if you find an incorrect calculation, the best practice is to return to the employee's payroll details and fix the issue. (This could mean editing the setup for a pay item, adding a pay item to the Standard Pay, or something else altogether.)

Pay items	Rate (\$)	Hours	Amount (\$)	Job		
Wages						
Base Hourly	24.00	38.00	912.00	Add job		
Annual Leave Pay	24.00	0.00	0.00	Add job		
Overtime (1.5x)	36.00	3.00	108.00	Add job		
Overtime (2x)	48.00	1.00	48.00	Add job		
Personal Leave Pay	24.00	0.00	0.00	Add job		
Add wage						
Deductions						
Salary Sacrifice			0.00	Add job		
Add a deduction						
Taxes						
PAYG Withholding			185.00	Add job		
Leave accrual						
Annual Leave Accrual Hourly		2.923				
Personal Leave Accrual Hourly		1.615				
Add leave accrual						
Employer expenses						
Superannuation Guarantee			100.32	Add job		
Add an expense						
<input checked="" type="checkbox"/> Luke Walker	1,710.00	408.00	0.00	1,302.00	188.10	
	11,405.69	2,851.00	100.00	8,454.69	1,337.47	

Save Save and close Previous **Next**

FIGURE 12-2: Expand an individual employee's pay to review the details, make any adjustments and check the calculations.

7. When you're happy that all the pays are correct, click Next.

The Record and Report page appears (the third step of creating a pay run).

This page will also display a warning if MYOB identifies data that is not STP compliant. If you see a warning, follow the prompts to correct the non-compliant data.

8. Review the pay run.

The Record and Report page shows you the net wages you're about to pay to each employee in the Current Net (\$) column and compares this against net wages paid in their most recent pay in the Previous Net (\$) column. This comparison is particularly useful for permanent employees (permanent employees usually receive the same net wages from one week to the next, so any discrepancy between the two columns often indicates an issue).



TIP

As part of STP reporting, the ATO mandates that you should declare and report your payroll on the date you entered as the Date of Payment for each pay run. If you are processing your pay run late (even by one day), a pop-up message will ask how you would like to record this pay run for STP: If you are making corrections to a previous pay run, click Report as an Updated Pay Run; otherwise, if you're simply reporting this payment a day or so late, click Report as a New Pay Run. (You're best to always report and declare your payroll on the Date of Payment to avoid warnings or penalties from the ATO for late lodgement.)

9. Click the Preview Pay Run Activity and/or Preview Pay Details reports for one last check.

Select and view the report you prefer (or both) to have a last squiz before finalising the pay run. If you identify an error, click Previous and fix the problem.



REMEMBER

If you intend to pay employees individually by internet banking, do print or save a copy of the Pay Run Activity report at this point; this report is an essential reference when making these payments.

10. When you're happy, click Record.

By clicking Record, you agree to process the pay transactions for each selected employee. No going back now!

11. Enter payroll information details and click Send to send STP reporting to the ATO.

You will need to specify whether you're an Employer or a Registered Agent, and enter your Name.

12. Send pay slips to your employees.

Ensure all employee names are selected and click Email Pay Slips (Fair Work requires that employees receive a copy of their pay slips within one working day of payday). You will see a pop-up notice when all pay slips have been sent, and ticks will appear against each employee's name in the Pay Slip Emailed column.

If you prefer to print pay slips (or perhaps wish to email a pay slip separately), click View PDF from the View Pay Slip column to download the pay slip. You can then either print this pay slip or attach it to an email.



TIP

If you can't see an employee listed in the Email or Print areas, it's probably because you set the employee's pay slip delivery to Already Printed or Sent. To change this, go to the employee's details, open the Payroll Details tab and adjust the pay slip delivery to Email.

13. Click Next.

14. If you are going to pay your employees via electronic payments, prepare your ABA file by clicking Pay Employees via Electronic Payments.

Chapter 14 gives you all the ins and outs on electronic payments.

If you miss the option to prepare your ABA file, don't panic — go to Banking → Prepare Electronic Payments to create the ABA file for your internet bank batch payment.

15. If you intend to pay your employees individually, head to your internet banking to process these payments.

The Pay Run Activity report you generated in Step 9 is your ideal reference at this point. If you forgot to generate this report, the Payroll Activity report (go to Reporting → Reports, then skip to the Payroll tab) will do the trick.

16. Click Close.

Simply click Close to complete the pay run. Congratulations, you have processed your first pay run.

Keeping everything sweet

If you're having problems getting an employee's pay to calculate correctly, try these tricks:

- » **Check the tax.** If the tax doesn't come up right, check the tax table you selected for the employee in the Taxes tab of the employee's details (refer to Chapter 11).
- » **Check the Pay Basis.** If the pay is coming up as a ridiculous amount of, say, a few cents per week, chances are you've entered an hourly rate but then set the Pay Basis as Salary in the employee's details. No matter how radical Australia's industrial relations reform, you won't get away with paying anyone 35 cents per week.
- » **Make sure the standard pay is set up correctly.** Regular payments such as allowances and deductions should come up automatically — if they don't, go to the employee's details and change the employee's standard pay.
- » **Check super is calculating correctly for under-18-year-olds.** If an employee is under 18 and works more than 30 hours in any one week, you must pay



REMEMBER

super on their wages for that week. For employees paid on a weekly pay cycle, MYOB generally calculates the super correctly, adjusting for whether they've worked more than 30 hours in that pay cycle, or not. However, for employees paid fortnightly, MYOB won't have enough information to decide whether super is payable, and you will need to double-check the super calculations manually, adjusting the Super Guarantee amount as required.

- » **Make sure the working week is the right number of hours.** Always make sure the total hours come up correctly. You don't want a 40-hour week to show up on each employee's pay if the standard working week according to the employee's award is actually 38 hours.

Checking all has gone to plan

If you've been following the instructions in this chapter so far, what you've managed to do is record employee pays and send the pay data to the ATO (refer to 'Creating your first pay run' for more about this). The next step is to check that the STP lodgement has gone through.

To do this, select Single Touch Payroll reporting from the Payroll menu. You can view every pay run that you've sent under the STP Reports tab. If the Status is Sending, Sent or Accepted, this means that your lodgement is either still being processed, or has been accepted. If the Status is Not Sent, Rejected or Accepted with Errors, you will need to follow the prompts to resolve the issue.

If you're new to MYOB Business, I recommend you check your STP lodgement status after every pay cycle, at least for your first few pay runs.

Looking up previous pay runs

Often, an employee will have a query about their pay, or you'll want to look up the details of a previous pay. To view a history of pay runs sorted by date, head to the Payroll menu and select Pay Runs. You can filter by date if you're trying to pinpoint a particular pay run, and then simply click the Date of Payment for any pay run to view the full details.

Here are some useful pointers about the Pay Runs page:

- » If you can't see an employee's name when you click through to a pay run, remember that some employees may be hiding under the Print Pay Slips tab rather than the default Email Pay Slips tab.

- » If you identify an error in a pay run, skip ahead to ‘Reversing and adjusting pays’ for what to do.
- » If you missed sending an employee their pay slip during a pay run, or perhaps an employee didn’t receive their pay slip, you can email them again by going to the employee (in the Payroll menu) and under the Pay Slips tab they are all here to send as needed. (Remember, it is a Fair Work requirement that you provide all employees with a pay slip within one working day of payday, even if the employee is on leave.)
- » Using the MYOB Team app, an employee can also self-serve their pay slips from directly within the app, along with the last three months’ worth of pay slips. Chapter 13 talks more about MYOB Team.

Reversing, deleting or adjusting pays

Employee pays differ from most other transactions in MYOB in that after you record a pay run transaction, you can’t change anything — the details are locked in.

If you find you’ve made a mistake processing a pay, the easiest solution is to incorporate the adjustment into the next pay period. For example, if you under-paid someone by two hours one week, simply add these two hours onto their pay the next week. Remember to make a note of the adjustment in the pay slip message so you have a record of why you made the adjustment.

Alternatively, if the adjustment relates to the pay item rather than the pay amount — maybe you processed a pay as 38 regular hours, rather than 38 annual leave hours — you can record an additional pay for that pay period. For example, you would enter 38 hours against Annual Leave Pay item and minus 38 hours against the Base Hourly Pay. The final result would be a nil value pay, but your leave totals and ATO reporting categories (STP) would now be correct.

However, sometimes processing adjustments in these ways isn’t an option. Perhaps the adjustment required is significant and the employee is disadvantaged by the underpayment, perhaps this was the final pay for an employee, or perhaps the error you’ve made has fallen on 30 June and you can’t let the adjustment span financial years. In these kinds of situations, the best course of action depends on whether you’ve paid the employee yet, how the payment method you chose in MYOB, and the STP Status of the pay run.

Table 12-1 provides a summary of what to do if you’ve made an error recording a pay and, for whatever reason, you can’t incorporate an adjustment into the next pay period.

TABLE 12-1

Resolving Errors When You Can't Wait Until the Next Pay Cycle to Make an Adjustment

Scenario	What You Should Do
Employee hasn't been paid yet, the employee pay was not recorded as an electronic payment, STP Status is Not Sent or Rejected	Delete the pay and then record it again, properly this time.
Employee hasn't been paid yet, the employee pay was not recorded as an electronic payment, STP Status is Accepted	Reverse the pay and send this reversal to the ATO. Create a new pay run, process the pay correctly, and send the new pay to the ATO.
Employee hasn't been paid yet, the employee pay was recorded as an electronic payment, STP Status is Not Sent or Rejected	Delete the electronic payment and then delete the pay. Reprocess the pay. Recreate the ABA electronic payment file before paying the employee.
Employee hasn't been paid yet, the employee pay was recorded as an electronic payment, STP Status is Accepted	Pay the employee as per the amount uploaded to the ATO. Then create a new pay run with an Unscheduled Pay Cycle and process the required adjustment.
Employee has been paid (regardless of STP Status)	Create a new pay run with an Unscheduled Pay Cycle and process the required adjustment.



TIP

Deleting or reversing pay runs can only be achieved one employee at a time. Here's how:

1. Go to Payroll → Pay Runs.

The Pay Runs page appears.

2. Locate the pay run in which the offending pay belongs. Open the pay run by clicking the Date of Payment.

In the unlikely event that the pay run belongs to a prior period that you've already submitted a BAS for, don't continue. Instead, I recommend you reach out to your bookkeeper or accountant for advice on your next best move.

3. Click the employee's name to display their pay transaction, and click either Reverse or Delete, depending on your options.

When you click the employee's name, a pop-up window opens showing the employee's pay run details. Refer to Table 12-1 for what you should do next.



WARNING

Never delete a pay transaction if you've already paid an employee and supplied a pay slip. This pay slip is a legal record and, even if incorrect, shows how you calculated the employee's pay.



WARNING

4. If required, recreate the pay run.

If you need to create an extra pay run to correct an error, ensure you maintain a good audit history by adding a note in the Pay Slip Message field explaining the adjustment and the period the adjustment relates to.



REMEMBER

KEEPING THINGS TO YOURSELF

Payroll information is sensitive. There's no better way to create friction between employees than have them compare wages with one another, especially in a family business (where the children of the employers so often end up with a sweeter deal). However, not only is payroll information sensitive in this way, but some employee information is also protected by the Privacy Act. In particular, you're obliged to keep employee tax file numbers (TFNs) secure.

When you add users to your file, restrict access to payroll and be sure each user is logging in with their own email login (and that they're not sharing their password if they have payroll access!). I explain how to set up user roles in Chapter 1. **Note:** While MYOB does provide an Audit History report so you can see which users are doing what in the file, payroll information is not tracked in this way, so keep that in mind when granting payroll access to users.

Employee Self-Onboarding helps ensure privacy as no TFN tax declarations or other personal details are received via email or end up lying around the office, but are instead transmitted via a secure gateway between the employee and MYOB.



WARNING

Overpayments to employees require a much longer conversation, so in this instance I recommend you reach out to Fair Work to find out the rights of both the employer and employee before deducting money from future pay runs.

Managing Leave Payments

I reckon that tracking employee leave is the trickiest part of managing payroll. Not only do you need to understand how leave is calculated, but you also need to be very familiar with each employee's award and employment conditions.

In the next couple of pages, I explain three things: First, how to record a pay when an employee takes annual or personal leave; second, how to set up opening leave balances (if you need to do so); and third, how to make an adjustment if an employee's leave balance is incorrect.

Paying annual leave and personal leave

So, what do you do when an employee takes some annual leave or personal leave? Take your time, and follow these instructions:

- 1. Process a pay run as per normal until you get to the Calculate Pays stage. Click the drop-down arrow to the right of the employee to show the employee's pay details.**

For more about processing pay runs, refer to the earlier section 'Creating your first pay run'.

- 2. Check that the employee has accrued enough leave hours.**

Hover your mouse over the information icon that sits in the left of the Hours column for this leave item (for example, Annual Leave Pay). You'll see a neat summary of how much leave this employee is owed, including the projected balance after the current pay is processed. For more details about how this balance has been calculated, check out the Leave Balance (Detail) report, found under the Payroll tab of your Reporting menu.

If the employee has insufficient leave entitlements for you to make this payment, seek further advice.

- 3. Enter the number of hours leave this employee is taking this pay cycle.**

Enter annual leave hours in the Annual Leave Pay field, and personal leave hours in the Personal/Carer's Leave Pay field.

Enter the total number of hours and not the number of days taken. For example, if an employee works 38 hours per week and takes two days' leave, enter 15.2 hours.

Check whether the hours entered as leave automatically reduce the number of hours of Base Hourly, or reduce the correct dollar amount of Base Salary. If not, manually edit the Hours of Base Hourly, or the Amount in Base Salary. (You can get leave to adjust automatically in the future by editing Annual Leave and Personal Leave pay items, and selecting the option to Automatically Adjust Base Hourly or Base Salary Details.)

- 4. Optional: Record the details of the leave taken in the Pay Slip Message field.**

Although you can easily retrieve this information from leave reports, you may also wish to include leave information on the pay slip message, such as the dates that leave was taken, the total number of hours paid and any other notes about this leave.

By now, your pay should look something similar to Figure 12-3.



REMEMBER

5. If this employee is eligible for leave loading, enter the number of annual leave hours taken against Annual Leave Loading.

Leave loading is an additional payment that some employees receive when they take annual leave. If you know leave loading is part of your employee's award or agreement, add the hours here.

6. Check the Leave Accrual values.

In the Leave Accrual section of this pay, you can see how many hours of leave the employee is accruing for this pay period. These values should be the same as for any regular pay for this employee, as all employees continue to accrue leave even when taking leave.



REMEMBER

7. Complete your pay run in the normal way.

☑ Sonya Flowers 2,232.50 588.00 0.00 1,644.50 199.50

Pay slip message
Pay Sonya - Full week Annual Leave

Pay Items	Rate (\$)	Hours	Amount (\$)	Job		
Wages						
Base Hourly	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job		
Annual Leave Loading	8.75	<input type="text" value="38.00"/>	<input type="text" value="332.50"/>	Add job		
Annual Leave Pay	50.00	<input type="text" value="38.00"/>	<input type="text" value="1,900.00"/>	Add job		
Personal Leave Pay	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job		
Commission			<input type="text" value="0.00"/>	Add job		
Add wage						
Taxes						
PAYG Withholding			<input type="text" value="588.00"/>	Add job		
Leave accrual						
Annual Leave Accrual Hourly		<input type="text" value="2.923"/>				
Personal Leave Accrual Hourly		<input type="text" value="1.462"/>				
Add leave accrual						
Employer expenses						
Superannuation Guarantee			<input type="text" value="199.50"/>	Add job		
Add an expense						
<input checked="" type="checkbox"/> Chris James	0.00	0.00	0.00	0.00	0.00	▼
<input checked="" type="checkbox"/> Fred Jones	3,307.69	1,004.00	0.00	2,303.69	347.31	▼
<input checked="" type="checkbox"/> Susie Smith	912.00	131.00	0.00	781.00	95.76	▼
<input checked="" type="checkbox"/> Luke Walker	1,710.00	408.00	0.00	1,302.00	179.55	▼
	11,582.97	2,912.00	100.00	8,570.97	1,281.30	

Save Save and close Previous **Next**

FIGURE 12-3: Processing a pay run that includes annual leave.

Catching up on what's already owed

If you had permanent employees before you started using MYOB Business, you need to adjust how much annual and personal leave your employees were owed at the point you started processing payroll in MYOB.

You have two options here: You can either create a pay run to record leave balances or you can edit the Balance Adjustment field in the employee's Payroll Details. I only explain the pay run method in this chapter, as recording opening leave balances in this way provides a clear record of the amounts entered, and when. (In contrast, the Balance Adjustment method shows no audit trail of when or how the balance was edited, and can be changed at any time by anyone with access to payroll.)

If you prefer to fix up leave balances according to what they are right now, rather than what they were when you first started using MYOB, skip ahead to the next section. Otherwise, to create a pay run that records opening leave entitlements, do the following:

- 1. Calculate how much leave you owed each employee as at the date you started using MYOB.**

For example, if you've been using MYOB since the beginning of July, calculate exactly how much leave was owing as at 30 June of that year.

- 2. Create a pay run with *Unscheduled as the Pay Cycle* (for the date, use the *Pay Period End Date of the first pay cycle where you used MYOB*).**

Selecting *Unscheduled as the Pay Cycle* means that all standard pay items will be set to \$0.00 — perfect!



TIP

- 3. Select the employees you need to enter leave balances for by ticking on the far left of the employee name, then click the drop-down arrow for each employee to add the leave adjustment details.**

Ensure you enter leave balances in hours, not days, owed.



REMEMBER

- 4. Enter the total number of hours' leave that were owing to each employee in the corresponding boxes for each leave type in the *Leave Accrual* section.**

All other values in the pay window should be \$0.00, except the leave accruals. Add a note in the Pay Slip Message at the top, such as 'Leave Opening Balances at 1 July.'

For an example, see Figure 12-4.

- 5. Repeat Step 4 for all employees, then complete your pay run in the normal way.**

Pay cycle: **Unscheduled** Pay period start: **Sun 31/07/20** Pay period end: **Sun 31/07/20** Date of payment: **Sun 31/07/20**

Select employees to pay
7 employees selected

<input checked="" type="checkbox"/> Employee	Gross (\$) ⓘ	PAYG (\$) ⓘ	Deductions (\$) ⓘ	Net pay (\$) ⓘ	Super (\$) ⓘ
<input checked="" type="checkbox"/> Cindy Charming	0.00	0.00	0.00	0.00	0.00

Pay slip message
Cindy - Opening Leave balances as at 31 July

Pay items	Rate (\$)	Hours	Amount (\$)	Job
Wages				
Base Hourly	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Allowance Car	00.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Annual Leave Pay	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Personal Leave Pay	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Add wage				
Deductions				
Salary Sacrifice			<input type="text" value="0.00"/>	Add job
Add a deduction				
Taxes				
PAYG Withholding			<input type="text" value="0.00"/>	Add job
Leave accrual				
Personal Leave Accrual Hourly		<input type="text" value="11.692"/>		
Annual Leave Accrual Hourly		<input type="text" value="5.846"/>		
Add leave accrual				
Employer expenses				
Superannuation Guarantee			<input type="text" value="0.00"/>	Add job
Add an expense				

FIGURE 12-4: Entering leave opening balances via a pay run ensures a good audit history.



TIP

Adjusting leave balances through a pay run ensures your leave balances also appear as a line item in your Payroll Leave Balance (Detail) report, enabling you to follow the full audit history.

Fixing up leave when it's up the spout

So, you know for sure that an employee is owed three weeks' annual leave, but the employee's pay slip shows a ridiculous number of hours' entitlements, which has no bearing on reality. How do you fix things up?

The simplest method is to create an unscheduled pay run, as I explain in the previous section ‘Catching up on what’s already owed’. Follow the instructions for this section bearing the following in mind:

- » If you need to increase the leave balance, add the total difference in hours as a positive number in the Leave Accrual section.
- » If you need to decrease the leave balance, add the total difference in hours as a negative number to the Leave Accrual section.

The example in Figure 12-5 shows an adjustment to decrease the Annual Leave Accrual Hourly field by 20 hours.

Pay cycle	Pay period start	Pay period end	Date of payment	
Unscheduled	Fri 30/09/20	Fri 30/09/20	Fri 30/09/20	

Select employees to pay

7 employees selected

<input checked="" type="checkbox"/> Employee	Gross (\$) ⓘ	PAYG (\$) ⓘ	Deductions (\$) ⓘ	Net pay (\$) ⓘ	Super (\$) ⓘ
<input checked="" type="checkbox"/> Cindy Charming	0.00	0.00	0.00	0.00	0.00

Pay slip message

Cindy - Adjust AL balance to 76hrs at 30 Sep

Pay items	Rate (\$)	Hours	Amount (\$)	Job
Wages				
Base Hourly	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Allowance Car	00.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Annual Leave Pay	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Personal Leave Pay	50.00	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	Add job
Add wage				
Deductions				
Salary Sacrifice			<input type="text" value="0.00"/>	Add job
Add a deduction				
Taxes				
PAYG Withholding			<input type="text" value="0.00"/>	Add job
Leave accrual				
Annual Leave Accrual Hourly		<input type="text" value="-20.562"/>		
Personal Leave Accrual Hourly		<input type="text" value="0.00"/>		
Add leave accrual				
Employer expenses				
Superannuation Guarantee			<input type="text" value="0.00"/>	Add job
Add an expense				

FIGURE 12-5: Adjusting annual leave (in the Leave Accrual section) via an unscheduled pay run.

Getting Superannuation Payments Right Using MYOB

Superannuation is a big deal, not just in terms of how much money is involved but also because of the onus on businesses to get super payments right. The superannuation audits I've experienced are sombre indeed and the ATO isn't shy about delivering hefty fines for the slightest transgression.



REMEMBER

Some of the most important dates in your business calendar should be when your Superannuation Guarantee (SG) and other super payments are due. Payments are due within 28 days after the end of each quarter (that's 28 July, 28 October, 28 January and 28 April). However, I strongly recommend you pay super monthly, as it not only helps with cashflow but if something goes wrong and you make a late payment, you're only dealing with one month of late-reported super.



WARNING

Be careful with regard to the due date. Super payments need to be made to a clearing house, which then disburses payments to individual employee funds. You need to be sure that each employee's fund receives their super payments on or before the due date. Check with your own clearing house to be sure, but in my experience, clearing houses need at least ten business days to ensure your payment reaches the employee's fund by the due date. Ten business days is also the recommendation MYOB provides.



WARNING

If funds aren't received into the employee's fund by 30 June, you can't claim them as a tax deduction for that financial year. And, if those super payments don't reach the funds by the quarterly due dates, you may never be able to claim them as a tax deduction at all. You will also be fined, and heavily.

To save yourself from making expensive mistakes, keep a firm grip on the latest changes to superannuation (refer to the nearby sidebar 'Keeping super together' for examples of such changes). In the following sections I take you through paying super using MYOB and reporting on super to ensure your super payments are always in good shape.

KEEPING SUPER TOGETHER

Superannuation compliance is hard to keep up with, from the minimum rate increases of 0.5 per cent each year up to 12 per cent in 2025, through to the removal of the \$450 minimum threshold and recently the notion of a stapled super fund. The government has also introduced legislation to benchmark super funds via a performance test by the industry regulator and for those underperforming, consequences may follow.

A *stapled super fund* is an existing super account linked, or 'stapled' to an individual employee, so it follows them as they change jobs. The stapled fund makes a lot of sense, helping to reduce the many new super accounts being opened every time an employee starts a new job.

The idea of stapled funds is that if the employee doesn't choose a super fund when they start employment, the employer has to check with the ATO to see if the employee has an existing super account 'stapled' to them in which to pay the employee's super guarantee amounts. A business owner can access this information by logging into the ATO's Online Services for Business or calling the ATO. Agents have access to this employee super data via their ATO portal so long as an employment relationship has been established for the employer, such as by lodging STP information.

Reporting on how much super you owe

To see how much super you owe, I recommend a couple of reports, both available under the Payroll tab when you go Reporting → Reports:

- » **Payroll Activity report:** This report shows a payroll summary by employee as well as totals for all employees. Note that the Expenses (\$) column represents the super guarantee amount, while any salary sacrifice super shows in the Deductions (\$) column.

When reporting payroll on Business and Instalment Activity Statements (BAS/IAS), the deduction of salary sacrifice must be included in the W1 figure to reduce the Salary and Wages total. I talk more about configuring activity statement fields in Chapter 16.

- » **Accrual by Fund report:** This report is a detailed superannuation report that serves as a useful comparison against the Payroll Activity report. The Accrual by Fund report groups employees according to their super fund. When you expand each fund, you see a list of all the contributions that make up that total per fund (showing each employee's name, their membership number, the amount of super owing individually for each pay run, the type of super contribution and the fund total).



REMEMBER



TIP

If you use MYOB to pay super, you can also use the Superannuation Payments report to track if all your super is paid up and when it was paid. This report is also helpful if you need to provide a super contribution statement during an audit.

Making payments using MYOB Pay Super

Assuming you've signed up to use MYOB Pay Super as your superannuation clearing house (Chapter 11 talks more about this decision), here's how to make your first super payment:

- 1. Go to Payroll → Super Payments. Log in to pay super with your normal credentials.**

The Super Payments page opens. As you start making super payments, they will appear here.

- 2. Click Create Super Payment.**

The Create Super Payment page appears (see Figure 12-6).

- 3. Use the Transactions To and Transactions From dates to specify the date range you wish to pay Super for.**

For example, if you're paying super for May, select 1 May to 31 May.



TIP

If you can't see super payments for your employees, check that you've selected the option Pay using Pay Super for each of your employees' super funds.

- 4. In the Account field, select the bank account you nominated when you set up Pay Super.**

- 5. Add a Description and Reference Number.**

I like to use the same format for both ('Super mmm yy' — for example, 'Super Jul 23', as shown in Figure 12-6), which makes super payments easy to track.

- 6. Enter the Date of Payment and tick against the super funds you want to pay (usually all funds, unless you have a good reason otherwise).**

- 7. Check that the Total Payment matches against the total from your Accrual by Fund report for the same period.**

This check is an important step as getting funds back when you've overpaid super is virtually impossible.

You can find the Accrual by Fund report under the Superannuation tab of your Reporting menu.

- 8. Click Record.**

The Authorise Super Payment window pops up, asking if you want to authorise now.

Create super payment

Transactions from: 01/07/20 Transactions to: 31/07/20 Reset

Account *
1-1110 NAB Bank Account Reference number * Super Jul 23

Balance \$12,091.79 Date of payment * 05/08/20

Description
Super Jul 23

5 Items selected

<input checked="" type="checkbox"/>	Date ▾	Pay item ⚙	Employee ⚙	Superannuation fund ⚙	Amount (\$) ⚙
<input checked="" type="checkbox"/>	24/07/20	Superannuation Guarantee		WESTSCHEME DIVISION ...	209
<input checked="" type="checkbox"/>	24/07/20	Superannuation Guarantee		SPIRIT SUPER	186.86
<input checked="" type="checkbox"/>	10/07/20	Superannuation Guarantee		WESTSCHEME DIVISION ...	209
<input checked="" type="checkbox"/>	10/07/20	Superannuation Guarantee		SPIRIT SUPER	163.43
<input checked="" type="checkbox"/>	10/07/20	Superannuation Guarantee		AWARE SUPER FUTURE S...	30.39
Total payment					\$798.68

Cancel Record

FIGURE 12-6:
Recording a
super payment in
MYOB Pay Super.

9. If your user role is Creator, you can't go further so select Don't Authorise and then notify someone who can do so. If your role is Authoriser, select Authorise.

MYOB sends a six-digit authorisation code to the Authoriser's mobile via SMS. This extra level of security is because MYOB is about to direct debit your bank account for the amount you just recorded (MYOB can't just take money out of bank accounts willy-nilly without these kinds of protocols in place).

10. Enter the six-digit code when prompted by MYOB.

At this point, you get an encouraging message saying that MYOB has authorised the payment and it's being processed.

MYOB takes care of the rest, forwarding your employees' super contributions to their individual funds, along with the necessary details (such as employee membership numbers). Now you can enjoy the sunshine and have a snooze.



TIP

Payment processing normally takes a couple of days, but you can monitor the status of your contributions at any time by going to the Super Payments via the Payroll menu. MYOB recommend allowing up to ten business days for your payment to be processed and reach your employees' super funds.

Also, if you find you have reversed a pay run at some point, you will see the super amount as both a positive and negative value in the Super Payments area. Do not select these two amounts as they can put your linked accounts out of balance. Ignore these two amounts and over time they will no longer show as you refine your dates to relevant periods.

TAKING CARE OF SUPER FOR SUBBIES

The line is often blurred as to whether subcontractors should be classified as subcontractors or employees for Super Guarantee purposes. However, if you pay subcontractors who are incorporated as sole traders (rather than as partnerships, trusts or companies) and your payments to them are primarily for services rather than materials, you may well be liable to pay super. If you're at all unsure whether to pay super on subcontractor payments, do avoid the risk of heavy penalties by checking carefully with the ATO.

Similar to employees, super for subcontractors is calculated on Ordinary Time earnings only, and excludes materials, equipment, overtime and GST. Again, you are best to seek guidance from the ATO as to what constitutes Ordinary Time Earnings for each of the subcontractors you pay.

In order to get MYOB to record superannuation owing for subcontractors, you first need to set each subcontractor up as an employee in payroll (refer to Chapter 11). When doing so, ensure you select Other (Not Reported) as the Employment Basis on the Employment Details tab. (Selecting Other as the employment basis means that none of the subcontractor's information will be sent to the ATO when you process STP, which is correct as subcontractors are not official employees.) You also need to enter, as a minimum, each subcontractor's date of birth, phone number, address, TFN and super fund details.

Once this is set up, process a separate pay run just for your subbies at the end of each month, just like you would a normal pay run. Use a spreadsheet or something similar to calculate Ordinary Time Earnings for each subcontractor for that month, and the amount of superannuation guarantee payable. On the pay run, ensure that all amounts are \$0.00 except for the Super Guarantee amount at the very bottom of the pay run page, which you need to edit to be the amount of super you owe. Once you've recorded the pay run, refer to the section 'Making payments using MYOB Pay Super' to complete the super payment process.

Withholding PAYG Tax

Managing *PAYG Tax* (in other words, the tax you deduct from employee pays, known as Pay As You Go) involves two things. First, you need to be confident that you're deducting the right amount of tax from each employee. Second, you need to report how much tax you deduct each month or each quarter, and make a payment for this same amount to the ATO.

Checking your tax tables

Tax tables are special formulas for calculating Pay As You Go (PAYG) on employee wages. The tax tables within MYOB are updated automatically every year according to the latest release by the ATO.

However, you do need to ensure you select the correct tax table for each employee, as any errors in this regard could have serious implications at tax time. For example, if you employ a new graduate and incorrectly select the tax-free threshold tax table instead of including their HELP debt and they then earn \$100,000, they could be left owing the tax office some \$7,000 when they lodge their tax return — and how are you going to explain that? So, do be vigilant when selecting tax tables and check if any PAYG payments look too big or too small.

Chapter 11 talks more about choosing tax tables.

Paying as you go

Pay as You Go Withholding (PAYGW) is the tax that you deduct from employee pays. You then pay this tax to the ATO either as part of your BAS or as part of your Instalment Activity Statement (IAS). Monthly IAS reports are due the 21st of the following month; quarterly reports are due the 28th of the following quarter. Either way, these deadlines come around fast and you need to be ready to make your payment.

Here's what to do to see how much tax you'll have to report and pay:

- 1. Go to Reporting → Reports, move to the Payroll tab and open the Payroll Activity report.**
- 2. Specify the date range.**

For a shining example of what this report looks like, see Figure 12-7. This shows a summary view, which is great to get figures for reporting. You can Expand All if you wish to see all the details per employee.
- 3. The amount of PAYGW you need to pay on your next BAS or IAS is shown as the Taxes (\$) Grand Total.**

FIGURE 12-7:
The Payroll Activity Report shows payroll information at a glance, with the amount of PAYGW in the Taxes (\$) column.

Employee name	Salary and wages (\$)	Deductions (\$)	Taxes (\$)	Net pay (\$)	Expenses (\$)	Hours accrued	Hours taken
Chris James	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	0.00	0.00
Cindy Charming	\$3,896.78	\$100.00	\$912.00	\$2,786.78	\$399.06	8.77	0.00
Estelle Davies	\$4,560.00	\$0.00	\$1,008.00	\$3,552.00	\$478.80	13.15	0.00
Fred Jones	\$12,723.07	\$0.00	\$3,818.00	\$8,905.07	\$1,335.93	13.15	0.00
Luke Walker	\$3,420.00	\$0.00	\$816.00	\$2,604.00	\$356.10	8.77	0.00
Sonya Flowers	\$4,550.00	\$0.00	\$1,008.00	\$3,542.00	\$477.75	10.50	0.00
Suzie Smith	\$4,224.00	\$0.00	\$1,138.00	\$3,086.00	\$443.52	20.31	100.00
Grand total	\$53,277.85	\$20,100.00	\$8,744.00	\$24,433.85	\$3,494.18	74.65	100.00

Recording tax payments

After you've paid your BAS or IAS, you need to record your payment or refund. You can do this in a few ways:

- » If you are recording your IAS, simply allocate the payment directly to your PAYG Withholding Payable account (the same liability account as you link to your payroll accounts) via your bank transactions.
- » If you are recording a full BAS payment breakdown, set up an allocation template to split the allocation across the relevant accounts. (Turn to Chapter 5 for more on setting up allocation templates and Chapter 16 for the common BAS accounts to use in the split allocation.)
- » If you don't use bank feeds, create a recurring Spend Money payment to the corresponding accounts. (Chapter 6 explains how to do this.)

Balancing Your Payroll Accounts

In the ideal world, if you deduct amounts from employee pays, such as superannuation, PAYG tax, child support, salary packaging or union fees, it's a good idea to check that the corresponding payroll liability account for these deductions remains in balance.

In the next couple of sections, I explain how to check whether your payroll accounts balance and how to troubleshoot them if they don't.

Checking that your payroll accounts balance

Ready to go? Take a look at the following steps:

- 1. For any payroll liability (tax, super or whatever), generate a report that shows how much you have to pay for the month or the quarter.**

The Payroll Activity report is normally your best bet, and you can click Expand All to view detailed information.

- 2. Generate a Balance Sheet for the last day of that month or quarter.**

For example, if you're paying payroll liabilities for the month of December, generate a Balance Sheet with the date 31 December.

- 3. Identify the liability account that you want to balance.**

If you're balancing wages tax, look at the balance of PAYG Withholding Tax Payable. Or if you're balancing superannuation, check out the balance of Superannuation Payable.

- 4. Check that the balance of this liability matches against what you're about to pay.**

For example, if you calculate that you owe \$900 in superannuation for the month of December (according to your payroll reports), then you would expect the balance of Superannuation Payable in your Balance Sheet as at 31 December to be \$900 as well.

If the two amounts don't equal one another, keep reading to find out what to do next.

Troubleshooting when things don't balance

In the previous section, I explain how to match up payroll reports against payroll accounts so you can be sure you're paying exactly the right amount. Sounds like a plan, but what if the balance in your payroll account makes no sense whatsoever? For example, what if your Payroll Activity report shows you owe \$900 in superannuation for the month of July, but when you look at the balance of Superannuation Payable in your Balance Sheet for the last day of July, the account balance is \$2,200?

Here's a step-by-step troubleshooting guide:

- 1. Look up the opening balance of the payroll liability account as at the beginning of the financial year.**

For example, if you're checking that superannuation balances, look at the opening balance of Superannuation Payable as at 1 July.

2. Check what the payment was in the first month of the financial year.

For example, go to Find Transactions and look up the payroll payments made during July. Make sure these payments have been allocated to the correct payroll liability account (for example, that super payments have been allocated to Superannuation Payable, or PAYG tax has been allocated to PAYG Withholding Payable).

3. Check that the opening balance matches the amount that was paid.

Does the figure you arrived at in Step 1 match the figure from Step 2? If not, you have a problem, and this problem belongs to the previous financial year. You're probably best in this instance to talk to your accountant or bookkeeper.

If Step 1 matches Step 2, then your problem belongs to the current year. Keep reading . . .

4. Generate a Payroll Activity report that shows how much was due for each payment period throughout the year.

If you pay monthly, generate a report for every month. If you pay quarterly, generate a report for every quarter.

5. Look at what you actually paid for each payment period.

Sometimes when I'm doing really serious troubleshooting, I create a simple spreadsheet where I show what was due in one column, and what I actually paid in another column.



TIP

6. Calculate the difference between what you should have paid, and what you did pay.

Figure out why you overpaid or underpaid and, if possible, make corrections to fix any errors. Any overpayments or underpayments affect the balance of your payroll liability account, and the cumulative total of these over- or underpayments should be equal to the amount that you're out by.

Biting the Bullet

Were they pushed or did they jump?

Recording a termination pay is similar to recording any other kind of pay, except that you may have a whole lot more pay items to deal with and potentially some different tax implications to work through. I suggest you collect all the information you need so you can work the termination pay out on paper first and then, when you enter the details in MYOB, you can cross-check as you go.

For example, if you are processing a voluntary cessation of employment and the employee worked their notice, you simply need to calculate any unused annual leave and pay this out, along with any regular hours worked in that pay cycle.

Some people prefer to process a final pay separately; if you do this, remember that annual leave is accrued on all hours worked until the cessation of employment. However, employees do not receive the super guarantee for unused leave that you pay out.



WARNING

Payroll becomes complex very quickly when redundancy and terminations start coming up. Many variables and circumstances can impact the calculations of these final pays — not to mention getting the details correct for your STP reporting. Turn to your trusted accountant, bookkeeper or financial advisor for guidance on managing different payroll scenarios, or prepare to read lots of documentation from the ATO and Fair Work.



TIP

When you've recorded an employee's final pay, go to the Payroll Details tab of the employee's record (via Payroll → Employees) and record a Termination Date. This sets all the leave accruals to zero and stops this employee from appearing in your pay runs.

Although you can't completely remove an employee from your MYOB file, you can hide ex-employees from your Employees list. To do so, go to the employee's Contact Details tab and click the Inactive Employee checkbox. Making employees inactive also prevents their names appearing when you go to process payroll.

When an employee leaves, you must also tell the ATO as soon as you can via STP. Go to Payroll → Single Touch Payroll Reporting, then go to the Employee Terminations tab. Be sure you're in the correct payroll year and select Add Termination. Select the employee's name, termination date and the termination reason from the options in the drop-down menu. To finish, click Notify the ATO.



REMEMBER

Take care when choosing the most relevant reason for termination as this selection could form part of the separation certificate reported through to Services Australia, and could potentially affect an employee's entitlements to government support.

Wrapping up the Payroll Year

Once you've processed your final pay run for the year, you need to finalise your payroll.

PAYG payment summaries are a thing of the past, replaced by a process called *STP finalisation*, where you confirm employee totals for the full payroll year directly through MYOB and send them to the ATO.

Checking your payroll data

As you approach the end of the financial year, the key payroll task you need to complete is to ensure that at least one pay run sent to the ATO for STP has been accepted. This is important as you are telling the ATO you will be lodging your STP finalisation.

If you find you have a mix of Rejected and Accepted pay runs, resist the urge to go back and resend the rejected pay runs. Resending a rejected pay run may cause calculation issues because STP is reported as YTD values only, so sending old data could lead to over-reporting of data to the ATO (therefore, just ignore any earlier rejected pay runs). You want to ensure that the latest pay run you send has actually been marked as Accepted.

Once you've checked the status of your latest pay run and before you lodge your STP finalisation, follow these additional steps to ensure your payroll data is accurate:

- 1. Ensure all pays with a Date of Payment before 30 June have actually been paid by 30 June.**

To confirm this has happened, check what the balance of your Payroll Clearing account was on 30 June (or Electronic Clearing account, if you pay employees in an electronic batch). If these clearing accounts have a \$0.00 balance, this confirms that all the wages you've processed in this financial year have been paid out of your bank by 30 June.

Any outstanding balances in your Payroll or Electronic Clearing accounts need to be investigated. If you have a discrepancy between the Date of Payment in a pay run and the date the funds left your bank account (for example, perhaps the Date of Payment in MYOB was 30 June but your employees actually received this pay on 1 July), you may need to reverse the last pay run of the year and reprocess it with the correct Date of Payment.

- 2. Check your Payroll Activity and your Payroll Register reports match.**

The Payroll Activity report information comes from the totals processed via a pay run for employees. The Payroll Register report collects its information from the pay history within each employee's payment details. I implore you to check these two reports match before you process any pays in the new year.



WARNING

If the totals don't agree, the most likely cause is that someone has added amounts into the pay history manually. You can only fix this error if you haven't yet processed a pay run in the new financial year as the pay history rolls over and disappears with the start of a new payroll year, with no access to prior financial year data. So, check this report comparison maybe twice a year to be sure no one has been messing with your employees' pay history. For more helpful ways to make payroll adjustments, refer to the earlier section 'Reversing, deleting or adjusting pays'.

If you have already processed a pay run for the new financial year, you need to call MYOB support in the hope that a solution can be found to repair the file.

3. Check that your Payroll Activity report matches what you have reported on your BAS or IAS reports throughout the year.



TIP

I suggest you create an Excel sheet to do this. In the first column, list the names of each month or quarter of the year; in the second and third columns, list Gross Wages and PAYG Tax according to your Payroll Activity report, with the net amount in the fourth column; in the fifth and sixth columns, list Gross Wages and PAYG Tax according to what you've reported in W1 and W2 of your BAS or IAS, with the net amount in the seventh column (see Figure 12-8).

Explore any discrepancies (the difference, in the eighth column, between the two net amounts) between Gross Wages according to MYOB and Gross Wages (W1) according to the ATO, and between the total tax deducted according to MYOB and the total tax deducted according to the ATO (W2). You can then adjust your June BAS figures ready for lodgement, if required, ensuring that your full financial year totals are the same in MYOB as the totals you report to the ATO via your BAS/IAS.

Wages Reconciliation							
20xx							
MYOB				ATO			
Date	Gross	Tax	Net	Gross	Tax	Net	Diffs
Sep-20	16,528.13	2,953.00	13,575.13	16,528.00	2,953.00	13,575.00	0.13
Dec-20	22,856.25	4,845.00	18,011.25	22,856.00	4,845.00	18,011.00	0.25
Mar-20	14,920.50	2,774.00	12,146.50	14,920.00	2,774.00	12,146.00	0.50
Jun-20	18,450.25	3,246.00	15,204.25	18,450.00	3,246.00	15,204.00	0.25
Total	72,755.13	13,818.00	58,937.13	72,754.00	13,818.00	58,936.00	
.Myob YTD check	72,755.13						
STP check	72,755.13						

FIGURE 12-8: Reconcile your wages in MYOB with the figures you report to the ATO in your BAS/IAS.

4. Check that total wages in your Payroll Activity report matches against total wages in your Profit and Loss report.

If the two reports don't match, run the reports month by month until you identify the difference. (The most common cause of error is if someone allocates an employee's wage directly to Wages Expense without processing the transaction correctly in payroll.)

5. Reconcile all payroll liability accounts.

Refer to 'Checking that your payroll accounts balance' earlier in this chapter.



TIP

6. Create a report pack to collate all the payroll and STP reports you've used in these steps to complete the required checks.

Saving a copy of all the payroll and STP reports you used when finalising payroll for the year gives you a clear record for audit purposes. For completeness, I suggest you also include the Leave Balance and Superannuation Payments reports in this pack. I explain more about report packs in Chapter 15.

Processing your STP finalisation

Now that you know you can trust your payroll data, you are ready to finalise your STP.

1. Go to Payroll → Single Touch Payroll Reporting, and click the EOFY Finalisation tab.

You'll see the Payroll Year listed along with Year-to-Date totals for each employee.



TIP

Don't panic if the Gross Payments YTD amount showing in the top right doesn't appear to be the same as your Total as this amount is the disaggregation of your Gross amounts (categorised as Gross via STP) and it does not include Allowances, Lump Sums, Reportable Super and the like. In Step 2, you will match your totals.

2. Click View YTD Verification report and compare the totals on this report against your Payroll Summary report for the payroll year.

With STP Phase 2 and the increased number of ATO reporting categories, ensure (apart from your YTD Gross Payments and PAYG Withholding) that every ATO reporting category with an amount against it makes sense and

matches as you work through the comparison. The Payroll Summary report is best used here as it gives a great breakdown view of all these reporting categories, making it so much easier to check against your YTD Verification report.

3. If the totals don't match, return to the STP Reports tab and click Send an Update Event.

Sending an update syncs your payroll data with the ATO's data. Nine times out of ten, this will fix the issue, and you will find that your YTD Verification report now matches against your Payroll Summary report. Fingers crossed!

If you're still finding a mismatch, go back and use the Payroll Activity report in the detailed view (select Expand All). Try to identify the employee and/or pay item involved with this difference in amount and when you find the issue, go and explore the employee/pay item setup to see if anything is amiss regarding the category setup.



TIP

Whenever you make a change that might solve the problem, go back to the Single Touch Payroll Reporting. Go to the STP Reports tab and click Send an Update Event again to push the change through to the ATO. Continue this process until the YTD Verification and Payroll Summary reports match completely.

4. Once everything matches, return to the EOFY Finalisation tab.

Figure 12-9 shows this near-final stage of the STP finalisation process.

5. If any employees receive fringe benefits, click the Enable RFBA checkbox and enter Reportable Fringe Benefit Amounts.

When you click the Enable RFBA checkbox in the top right, this opens an extra column alongside each employee's name where you can report fringe benefits amounts. Do ask your accountant if you're at all unsure about the amounts you need to report here.

6. Select all employees, then click Finalise and Notify the ATO.

Ensure you have the correct Payroll Year selected, and check the figures one last time. Tick the checkboxes to the left to select all employees, then select Finalise and Notify the ATO. Sign the declaration as usual, then look for the tick in the Final Indicator column so you know the process is complete.

Single Touch Payroll reporting Reporting on **STP Phase 2**

STP reports Employee terminations **EOFY finalisation** ATO settings JobMaker

Payroll year: 2022/23 Employees: 5
Gross payments YTD: 434,789.38
PAYG withholding YTD: 130,708.00
 Enable RFBA

[View YTD verification report \(PDF\)](#)

Select an employee from the list to finalise or remove a finalisation. ⓘ

Finalise and notify the ATO

<input checked="" type="checkbox"/> First name	Surname or family name	Employment end date	Gross YTD (\$)	PAYG withholding YTD (\$)	Final indicator
Chris	James		20,000.00	0.00	⋮
Cindy	Charming		148,833.55	47,183.00	⋮
Fred	Jones		90,153.83	28,583.00	⋮
Sonya	Flowers		102,320.00	34,473.00	⋮
Susie	Smith		73,482.00	20,469.00	⋮

FIGURE 12-9:
The final stages of STP finalisation, ready to notify the ATO.



TIP

7. Save a copy of the YTD Verification report along with each individual employee's summary report (which you can download via the three dots to the far right of each employee) and keep these reports in a secure location.

MYOB only keeps finalisation information for the current and previous financial years so it is vital to keep your own records. For example, if an employee comes back to you in a few years' time with a payroll query, these saved reports may be a lifeline. I can't tell you how many times this has happened in my time at MYOB — and for those with no copies, you have nothing to check against.

Yay to you! You've completed your STP finalisation for the payroll year. All that's left to do now is to inform your employees that their Income Statements are available on their myGov accounts — and enjoy the much-deserved coffee break!

- » Setting up MYOB Team
- » Tracking time and locations using MYOB Team
- » Giving employees the tools to manage their timesheets
- » Using rosters to allocate shifts
- » Approving leave requests and timesheets

Chapter **13**

Working with MYOB Team

Managing employees can be one of the most complex jobs for a small business, whether you're waiting on TFN forms, following up on super member numbers, getting timesheets in (on time, if at all!) or rostering shifts. If you have lots of casual staff, managing employees can present an even greater challenge.

MYOB Team is a purpose-built feature that integrates with the payroll function in MYOB Business and AccountRight, helping you manage these employee-centred tasks. You can use MYOB Team via both the MYOB Team Portal (for management use only) or the MYOB Team self-service app (which your employees can use on the go).

MYOB Team is included in MYOB Business, although whether you have access to all the features depends on your subscription level. MYOB Team can help alleviate some of the burden of managing employees, making it super-easy for employees to view their shifts online, enter timesheets, apply for leave and view their pay slips.

In this chapter, I show you how to make the most of MYOB Team.

Getting Started with MYOB Team

If you're an employer or you have an Administrator user role, you can access MYOB Team by going to the Payroll menu and clicking MYOB Team, which opens another browser tab. Here, you will need to select your business's name; you are then taken to the MYOB Team Portal to set up MYOB Team.

The *MYOB Team Portal* is a central hub for managing all the features and functions of MYOB Team, such as setting up employees, preparing rosters, reviewing timesheets and approving leave requests. Business owners, managers and payroll administrators (or anyone with the Administrator user role) can access the Portal by going to Payroll → MYOB Team or by logging into MYOB at team.myob.com.



REMEMBER

Employees who have not been granted the Administrator user role cannot access the MYOB Team Portal. Employees instead access MYOB Team via the MYOB Team app (which they can add to their mobile device). Head to Chapter 1 for more on assigning user roles.



WARNING

Not all features and functions of MYOB Team are available across the board. AccountRight and MYOB Business Pro subscriptions give you access to all the functionality I cover in this chapter; however, you can't utilise automated employee timesheets and the rostering functions if you're using MYOB Business Lite. If you need either of these key features, upgrade your subscription as required. (Chapter 1 talks more about choosing the right subscription for your business.)

Figure 13-1 shows the MYOB Team Portal landing page you see when you first log in to MYOB Team. Here, you can see a five-step guide to getting started with MYOB Team.

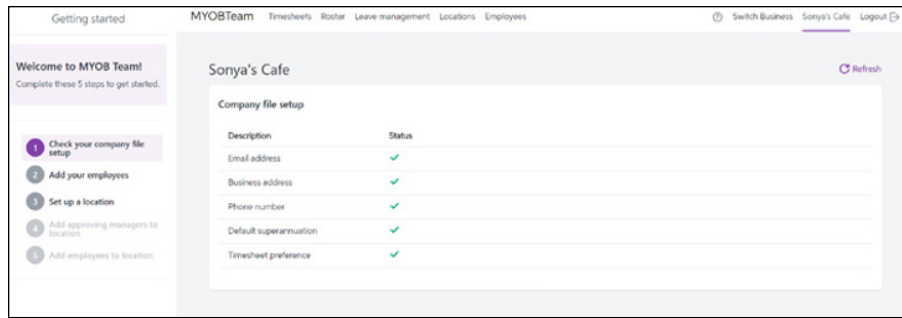


TIP

Don't go rogue; follow these five steps to alleviate issues down the track. In Figure 13-1, each item on the Step 1 checklist has been ticked off, meaning the Company File Setup is complete — read on to find out how to achieve this flying start.

As a general guide when setting up MYOB Team, remember to work along the top tabs shown in Figure 13-1 from right to left (starting with Employees, which I cover in the upcoming section 'Adding your employees'). However, before you get to your employees, you first need to check your company file setup, which is the subject of the next section.

FIGURE 13-1:
The MYOB Team
Portal landing
page (when you
first log into
MYOB Team).



Checking you're good to go

To ensure a seamless transition when you connect with MYOB Team, you need to make a few checks in your file so you can be sure you're pulling all the correct data through to the app (and your MYOB file is receiving the correct data in return). If everything is set up as it should be (from your business information through to your employees' details), you can then make the best use of MYOB Team's functionality.

Run through these checks before you get started (which will enable you to check off all the items in the Company File Setup checklist shown in Figure 13-1):

- 1. Go to your Settings and select Business Settings from the drop-down menu to check your business details are complete and correct.**
Ensure your address, email and phone number are correct.
- 2. Next, you need to enable the use of timesheets. Return to your Settings and select Payroll Settings from the drop-down menu. Go to the General Payroll Information tab and check the Use Timesheets to Track Employee Hours checkbox.**
- 3. Select the day of the week that your pay run cycle starts on from the drop-down options in the Week Starts On field — for example, Monday.**
- 4. Remaining on the General Payroll Information tab, check that your Default Superannuation Fund is correct.**

In theory, all employers should have a default superannuation fund set up for their business (see Figure 13-2) and offer this as an option to employees who start work without a superannuation fund. However, if you don't have a default super fund, and no employees have yet required you to have one, you can skip this field for now. (You can't use the MYOB default fund Spectrum as this is for demo purposes only.)

If your default super fund doesn't appear as an option when you click the drop-down arrow next to the Default Superannuation Fund field, you need to create the super fund in your MYOB file before you can proceed. Turn to Chapter 11 for more on setting up your default super fund.

FIGURE 13-2:
Selecting a
Default
Superannuation
Fund for your
business.

Payroll settings

General payroll information Superannuation funds Employment classification Pay slip email defaults

Details

Full-time employee weekly hours* 38

Withholding payer number (WPN)

Cents to round net pay down to* 0

Tax table revision date 01/07/20

Default Superannuation fund HOST - PLUS SUPERANNUATION F

Create superannuation fund

Timesheets

Use timesheets to track employee hours

Week starts on Monday

Save

5. Click Save.

6. Head to Payroll → Employees.

A list of all active employees appears.

7. Check all employees listed have an email address in the Email column.

Employees will use this email address to log into the MYOB Team app, so ensure it is correct before you start sending invites. I usually recommend that employees use their personal email address, rather than their work email, as this ensures other employees can't view the private payroll information of their colleagues.



REMEMBER

8. For each employee who will be using MYOB Team, click the employee's name to drill down into their payroll information.

9. Go to the Payroll Details tab and select the Salary and Wages sub-tab. In the Pay Details area, adjust the Pay Basis to Hourly.

10. Go to the Standard Pay sub-tab and ensure the value in the Hours (Hrs) field, across from Base Hourly, is set to zero (this field is likely to default to another value, but it needs to be zero for the employee's timesheet hours to calculate correctly and not double-up).

Figure 13-3 shows the Standard Pay sub-tab, with the Base Hourly — Hours (Hrs) set to zero.



REMEMBER

11. Complete steps 8 to 10 for each employee who will be using MYOB Team.

If all has gone to plan, your MYOB Team Portal landing page should show that you have completed Step 1 of the five-step guide to getting started with MYOB Team. Hurrah!

Cindy Charming

Contact details **Payroll details** Payment details Pay slips

Employment details Salary and wages Leave Deductions Superannuation Expenses Taxes **Standard pay** Pay history

Base pay details

Pay cycle Weekly

Hours per pay cycle 38.00

Pay slip message

All allocated pay items ⓘ

Name	Hours (hrs) ⓘ	Amount(\$)	Job ⓘ
Wages			
Base Hourly	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value=""/>
Allowance Car	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value=""/>
Annual Leave Pay	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value=""/>
Personal Leave Pay	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value=""/>
Deductions			
Salary Sacrifice		<input type="text" value="100.00"/>	<input type="text" value=""/>
Taxes			
PAYG Withholding		Calculated	<input type="text" value=""/>

FIGURE 13-3: Set Base Hourly hours to zero for employees using MYOB to avoid any doubling-up of hours recorded in employee pays.

Adding your employees

Step 2 of the five-step guide to getting started involves adding your employees to MYOB Team.



TIP

If you have lots of employees, I suggest you start by adding just a few employees to MYOB Team at first, adding the rest of your employees when you're comfortable with how MYOB Team's functionality supports your business.

Returning to the five-step checklist shown in Figure 13-1, click Step 2 — Add Your Employees and the Employees page appears. Click the Add Employees button and a list of all your employees appears in a pop-up window (their details will be brought in from your MYOB file). Mark the checkbox next to the employees you want to add to MYOB Team then click Add Employees.



TIP

OPEN TO INTERPRETATION?

While MYOB Team is an excellent time-management tool, it's not designed to interpret your industry's award (an *award* is a legal ruling that grants all employees in an industry the same minimum conditions of employment and fair wages). All hours entered via the MYOB Team app come through as a Base Hourly total; they're not split between the different possible pay items available because MYOB cannot make this interpretation for you.

For example, imagine Cindy, a full-time employee, works 10 hours one day, instead of her rostered 8 hours, because the boss asked her to stay a little longer. Cindy will add 10 hours to her timesheet, which her boss will happily approve. However, as MYOB Team doesn't track hours worked against the award for her industry (hospitality, in this instance — Cindy works in a café), the 2 hours of overtime are not automatically allocated to the Overtime pay item. To calculate the pay run correctly, the payroll team at Cindy's company will need to allocate 8 hours to the Base Hourly pay item and 2 hours to the appropriate Overtime pay item.

Personally, I don't mind that MYOB Team records all approved hours against the Base Hourly pay item because I can then easily reallocate any incorrectly recorded Base Hourly hours to the correct pay item. However, this does place the onus on you rather than the employee to accurately record hours worked to the correct pay items, as you are the payroll and industry award expert.

These responsibilities are fairly easy to manage if you have a small team with a simple industry award, but if you have a large payroll and your award is complex (the building and construction award, for example, has some complex allowances!) then you may need a helping hand. Fortunately, MYOB Business is designed to be used with helpful integrations from other app partners, many of which can be customised to suit your business. Search the MYOB App Marketplace for a suitable app that offers an award interpretation solution.

As well as adding employees who will be creating timesheets, don't forget to add employees who will be approving timesheets (approving managers, which I talk more about in the later section 'Assigning managers and employees to locations'). **Note:** At this point, you are only adding employees to MYOB Team at your end; notifications have not been sent to your employees yet.



TIP

If you can't see the five-step checklist in Figure 13-1, head directly to the Employees tab, where the Employees page appears.

Capturing Time and Making Sense of Locations

With MYOB Team, you can track hours worked at multiple locations, as well as track time for employees on the road. However, *locations* in MYOB Team are more than simply the physical location of the business site; instead, they encompass the way a particular number of employees may track their time using timesheets. You need to create at least one location to set up MYOB Team.



REMEMBER

Don't let the name fool you. Locations in MYOB Team can be used in two different ways:

- » To represent the *actual location* (which can be physical, but may also cover different groups of similar employees, such as courier drivers that are frequently on the move).
- » To represent the best way for employees to *capture their time*.

Consider these two scenarios to understand how locations in MYOB Team work:

- » You have two working locations (for example, two different offices), with different addresses for each office, and different managers who approve the timesheets for the employees at each office. In this scenario, you would create a location for each office based on the office's address, then add a manager at each office and assign employees to each office's manager (a process I cover in the later section 'Assigning managers and employees to locations').
- » You run a plumbing business, with one employee in the office full-time working regular hours (and whose mobile device is within easy reach for much of the day). You then have plumbers on the road going to different jobs at different times. The plumbers' start times, lunch breaks and end times often vary, and during each working day they may be on the move a lot, and jumping from job to job. Accessing their mobile devices at the exact time they start their shifts, clock on or off, or take their breaks may also be more cumbersome. In this scenario, you would set up two different locations so you can offer two different time capture types for your business (rather than setting locations based on the physical location), so you can accommodate the working patterns of both the office employee (who can simply clock on and clock off) and the plumbers on the road (who may find it easier to complete a timesheet at the end of the day or week rather than complete a timesheet in real time).

In the following sections, I help you make sense of this dual concept by explaining how MYOB Team can capture time in different ways to suit your business, then showing you how to create locations and assign employees to your locations.

Choosing your time capture type

MYOB Team provides you with three different ways to capture time:

- » **Clock On, Clock Off Mobile:** Link this time capture type to employees who can capture their hours worked in real time on their mobile devices. So, if an employee arrives at work at 8.00am, they can log into the MYOB Team app, go to the Time icon and hit the Start Shift button, which enables MYOB Team to record the exact start time. Then, when they go on their break, they can hit the Start Break button and then the End Break button to record their break time, and when they finish for the day they can hit the End Shift button to stop time tracking. This time capture method works well for employees who work regular shifts and can easily access their mobile device while they are working.

Clock On, Clock Off Mobile is the only option you can choose if you want to enable *geolocation* (that is, if you want to ensure employees can only clock on and clock off within 200 metres of your business or work site's physical location address — this way, you can ensure employees get paid from when they arrive at work rather than from when they leave home). Turn to the nearby sidebar 'Where are my workers?' to discover more about using geolocation, as well as the legal obligations involved.

- » **Clock On, Clock Off — Tablet Kiosk:** With this time capture type, all hours worked are captured on a centralised device in a similar way to the Clock On, Clock Off Mobile option, as employees clock on/off in real time; however, employees use a shared tablet rather than a personal mobile device to track the hours worked. You can add all your employees to a centralised device that has the MYOB Team Kiosk app installed on it, which each employee then uses to capture their hours worked by clocking on/off when they start/finish each shift. This time capture method works well for cafés, restaurants and retailers that may not want employees to have a mobile device on them while they're working.

Clock On, Clock Off — Tablet Kiosk is your only option if you want to enable photo capture (which takes an actual photo of each staff member when they clock on and off using the MYOB Team Kiosk app). Read the nearby sidebar 'Getting a cheeky photo in' to find out more about using photo capture.

The MYOB Team Kiosk app is currently only available on the iPad via the Apple App Store.



TECHNICAL
STUFF



REMEMBER



TECHNICAL
STUFF

» **Timesheets:** With a timesheet, employees can track their hours worked using their own mobile device; however, they don't need to capture their hours worked in real time. Instead, they can complete their timesheet by entering the time worked at the end of the day or the end of the week. Timesheets work well for employees who may be on the road or working onsite as they can complete their timesheets when they're able to focus. (Timesheets are also helpful for employees who may forget to clock in at the correct time!)



TIP

If you use AccountRight, you have the option to link employees' timesheets to Time Billing, enabling you to bill your customers for time worked on specific projects. Read the sidebar 'MYOB Team and Time Billing work together' for more info.



REMEMBER

MYOB Team uses the word 'timesheets' in a few different ways. Timesheets are a specific time capture type, but all three forms of logging hours generate a timesheet at the end of the week (and this timesheet is later approved by an approving manager) — both of the Clock On, Clock Off methods simply generate a timesheet in a different way. And then there is the Timesheets tab in MYOB Team (shown in Figure 13-1), which is where approving managers view and approve all timesheets submitted by employees, ready to push through to the pay run in MYOB. Rest assured, as you start to use MYOB Team, the meaning of the word 'timesheets' should become clear as you get to know the function of each use of the word in context!



TECHNICAL
STUFF

GETTING A CHEEKY PHOTO IN

If you use the MYOB Team Kiosk app as your time capture method, you have the ability to enable photo capture, which records a quick photo of employees when they tap Start Shift. This idea originated to help avoid time theft, which may occur if an employee who is running late asks another employee to clock on for them.

If you do decide to use this feature, be sure to check you understand the legal obligations regarding the capture and storage of employee images. Also, ensure you inform your employees that you use this functionality, as many people find photo capture to be somewhat intrusive. On a positive note, MYOB makes sure you review and understand your legal obligations when you set up this functionality before it allows you to continue.



TIP

MYOB TEAM AND TIME BILLING WORK TOGETHER

AccountRight users can access the *Time Billing* feature, which enables you to bill customers for the time employees have spent on a particular job.

To use MYOB Team and Time Billing features in tandem, head first to the Systems tab in the AccountRight Preferences menu, and select I Use Timesheets for Payroll and Time Billing. Next, in MYOB Team, ensure you use Timesheets as your time capture type (rather than either of the Clock On/Clock Off time capture options). Once Time Billing is enabled, employees will have two extra fields to complete when they create a timesheet using MYOB Team:

- **Customer:** Employees need to allocate hours worked to a particular customer when recording their time.
- **Activity:** Employees need to select the kind of work completed for the customer so that the time is charged at the appropriate rate.

Note: You need to set up the data for these fields in AccountRight before you start using MYOB Team for Time Billing as you can't create new customers or activities within the MYOB Team app.

Once Time Billing has been enabled, whenever a timesheet is submitted and approved the outcome is twofold: The timesheet hours are sent both to Payroll for processing the pay run, and also to Time Billing. When you go to bill customers, your billing hours and completed activities are ready for you to add their invoices as required. The time savings and efficiencies you can gain from using MYOB Team in this way can be quite significant.

If you do decide to try Time Billing in AccountRight, remember that all employees who submit timesheets via MYOB Team will have full visibility over your entire customer list (names only; no other details). If that's not a problem as they already know your customers anyway, then I encourage you to give Time Billing a go.

Setting up a location

Once you've figured out the best time capture type(s) for your business, you're ready to set up your first location.

To set up a location:

1. **Log into the MYOB Team Portal (go to Payroll → MYOB Team or log into MYOB Team at team.myob.com).**

2. **Click Step 3 — Set Up a Location in the five-step getting started guide on the left of the MYOB Team Portal page, or go direct to the Locations tab at the top of the page.**

The Locations page appears.

3. **Click Create Location.**

The Create Location pop-up window appears.

Figure 13-4 shows the Create Location pop-up window, where you can select from the three different time capture types.

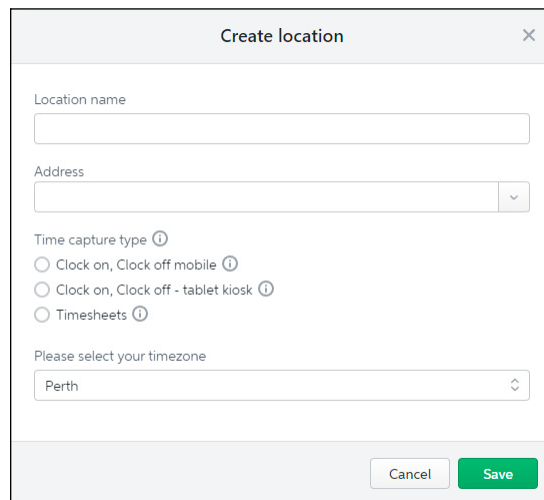


FIGURE 13-4:
The Create
Location pop-up
window.

4. **Give your location a name.**

I like to include the business's name, suburb and time capture type in the Location Name field so I know at a glance which location and method of time capture applies. This comes in handy if you have several different locations and you want to add a new employee to one of them, as you can immediately see which location to add them to (for example, the Location Name in Figure 13-5 is 'Café Perth — Clock on/off').

5. **Select your address by clicking the Address drop-down arrow and finding the correct address for your location.**



WARNING

MYOB Team will try and search for the exact address for you using Google Maps (this is important if you use geolocation, so MYOB Team can allow an employee to clock on/off when they are in range of your location — see the nearby sidebar 'Where are my workers?' for more on this). You may need to try different combinations if the actual address doesn't appear (for example, if you

are adding 1/85 Blue St, you may need to try options like Unit 1, 85 Blue St and so on until you find the correct address).



TIP

If you aren't using geolocation and therefore don't require the exact details to match Google Maps, you can simply type in the address yourself.

6. Select your Time Capture Type and your Timezone.

The correct timezone is important for the two Clock On, Clock Off time capture types because you are recording your employees' hours worked in real time.

Figure 13-5 shows a completed location setup.

7. Optional: If you select a Clock On, Clock Off time capture type, you can Enable Geolocation.

Geolocation has been enabled in the example in Figure 13-5; before you can finish creating your geolocation-enabled location, you need to click View My Legal Obligations to review these important obligations before you proceed. Turn to the nearby sidebar 'Where are my workers?' to discover more about using geolocation with MYOB Team.



WARNING

8. Click Save.

Your location is now sitting in your Locations list (which you will find on the Locations tab).

Location name
Café Perth - Clock on/off

Address
[blurred]

Time capture type ⓘ
 Clock on, Clock off mobile ⓘ
 Clock on, Clock off - tablet kiosk ⓘ
 Timesheets ⓘ

Please select your timezone
Perth

Enable geolocation ⓘ

⚠ Know your legal obligations when using MYOB Team geolocation feature. Before you proceed, you need to acknowledge that you understand your legal obligations.
[View my legal obligations](#)
 Thanks, I understand my legal obligations

Cancel Save

FIGURE 13-5:
An example location setup, with geolocation enabled.



WHERE ARE MY WORKERS?

The geolocation capability in MYOB Team doesn't track where your employees are at all hours of the day, as that would be unethical; rather, it checks where they are when they clock on or off. Now, for many different reasons, some employees have been known to take advantage of the time they are being paid for when they are on the road, such as by entering their start time when they leave home as opposed to being onsite. With geolocation enabled in MYOB Team, employees can only clock on and off using the app when they are within 200 metres of the Location's address (which is cleverly calculated by Google Maps). This leaves no opportunity for time theft, such as by clocking on at home and then taking an hour's drive to get onsite, with a stop along the way for a lunch run.

The concept sounds great but in reality isn't so practical if your workers are moving between many different sites, as you would need to set up a new location in MYOB Team for every site and reallocate the employee to the new location, which may take a bit of time. Having all these different locations taking up space on your MYOB Team Portal isn't beneficial either and may cause confusion. However, if you have locations that employees regularly travel between (such as an office and a factory that are quite a distance away from each other), then geolocation may work well for your business (in this example, you only need to create two locations, so geolocation helps to ensure employees aren't stopping for a shopping spree when travelling from one location to another).

Note: Your employees will need to have their smartphone location services on, and you must notify them that you have enabled geolocation to track if they are 200 metres from the location before they can clock on/off. Read the legal notice carefully when you select the geolocation option for a location and ensure you understand the legal obligations involved and how they may impact your business — refer to the section 'Setting up a location' to find out more.

Assigning managers and employees to locations

You're nearly all set up, with only two last tasks required (steps 4 and 5 of the five-step checklist shown in Figure 13-1). You need to assign an approving manager to each location, then add the employees for each location against the relevant approving manager.

Approving managers are responsible for reviewing and approving submitted timesheets. If the approving manager has Administrator user rights in the MYOB file, they can simply log into the MYOB Team Portal to approve timesheets (Chapter 1 talks about assigning user roles and types).

If the approving manager isn't an employee and doesn't have Administrator access (for example, a contract bookkeeper), then you need to add this person as an employee first so they can access MYOB Team. Chapter 11 explains more about setting up an employee, but in this instance the employee's name and email address should be sufficient information, though ensure you have their Pay Basis set to Hourly and the Hourly rate set to \$0.00 because ultimately you're not paying them as an employee. Also, be sure to select their Employment Basis as Other — Not Reportable on the Employment Details tab so no details will be recorded for Single Touch Payroll.

To assign approving managers and add employees to locations (thus completing steps 4 and 5 of your MYOB Team setup):

- 1. Log into the MYOB Team Portal (go to Payroll → MYOB Team or log into MYOB Team at team.myob.com).**
- 2. Click Step 4 — Add Approving Managers to Location in the five-step getting started guide on the left of the MYOB Team Portal page, or go direct to the Locations tab at the top of the page.**

The Locations page appears.

- 3. Find the Location and click the Location Name you need.**

The selected Location's page appears.

- 4. Locate and select the approving manager from the drop-down list of employees under Select an Approving Manager.**

- 5. Click the Add and Invite button.**

The selected employee appears on the Employee list for the location showing the Role of Approving Manager has been assigned. The approving manager will then receive an email notification advising them to join MYOB Team (see Figure 13-6). (**Note:** The notification is always the same, even if the approving manager is already using MYOB Team.)

Now you have added the approving manager, you are ready to add employees to the location, under their approving manager.

- 1. If you are not already on the Location's page, go to the Locations tab and click the Location Name (alternatively, click Step 5 — Add Employees to Location in the five-step getting started guide on the left of the MYOB Team Portal page).**
- 2. In the Employee list, click the approving manager's name.**

When you click the manager's name, a pop-up window appears where you can select the employees you want to assign to this manager.

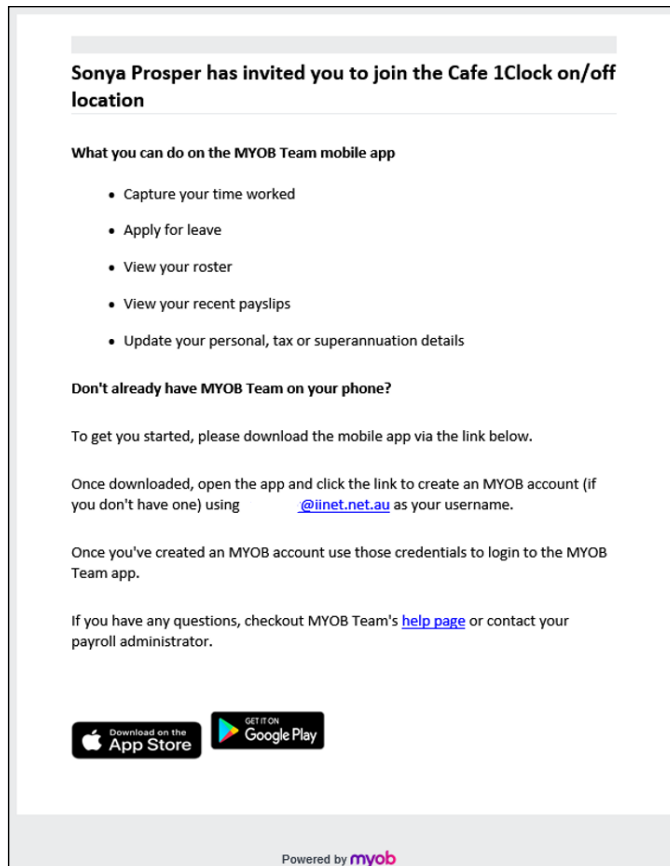


FIGURE 13-6:
An email invitation to join MYOB Team.

3. Click the Select Employee drop-down arrow to locate and select the employee, and then click Add.

You can only add one name at a time.

4. Once you have finished adding employees to this approving manager, click the Save and Invite button.

The employee(s) will then receive an email notification advising them to join MYOB Team.

It makes sense for employees to receive this notification invitation once they are assigned to a location because when they log into the MYOB Team app, the required time capture type will have already been assigned to them and they can get started straight away.

Figure 13-6 shows a sample of the email employees will receive — there's nothing to accept, just some information about MYOB Team and clarification on which email to use to log in.

Employees using MYOB Team usually find it easy to navigate the MYOB Team app. In all the years I have been using it with various clients, I have only had two employees get in touch for help — one asking me what their Apple ID was so they could download the app, and another who couldn't get MYOB Team to work. Both times, I discovered they were trying to log in with a work email when they had set up MYOB Team using a personal email address.

The email notification employees receive (refer to Figure 13-6) provides a good overview of how MYOB Team works, as well as a link to the MYOB Team Help page should they require further guidance. Figure 13-8 shows the home screen of an approving manager on the MYOB Team app (the only difference for employees being that they won't have access to the Approve options).

In the following sections, I take you and your employees through submitting timesheets and leave requests, as well as provide some tips on how you and your team can get the best out of MYOB Team.

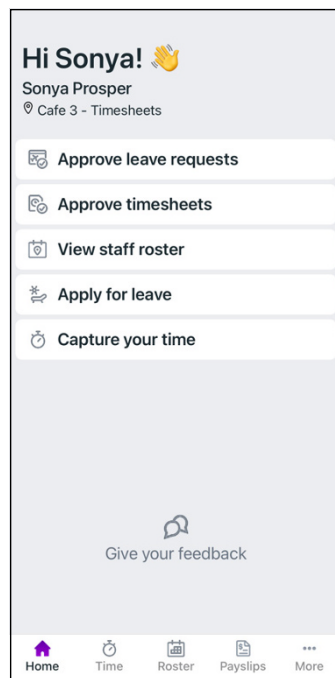


FIGURE 13-8: The home screen of an approving manager on the MYOB Team app.

Using timesheets and submitting leave requests

As well as submitting timesheets, employees can use the MYOB Team app to request annual and personal leave. This is primarily for the benefit of processing payroll, but keeping these records also helps you adhere to the requirements set by the Fair Work Commission.

Logging work hours for approval

Here's how employees can record their working hours using either the Clock On, Clock Off Mobile or Clock On, Clock Off — Tablet Kiosk method of time capture:

1. Log into the MYOB Team app.

The MYOB Team app's home screen appears.



REMEMBER

If employees are using the Clock On, Clock Off — Tablet Kiosk method of time capture, the business owner must first log into the device where times are being recorded (all employees use the same app on the one device).

2. Select Time from the options at the bottom of the screen.

If the employee arrives at the home screen, they can also tap the Capture Your Time button.



TIP

3. Employees using the MYOB Team Kiosk app via an iPad (the Clock On, Clock Off — Tablet Kiosk method of time capture) must select their name from the employee list that appears before they can start tracking their time. Employees using the Clock On, Clock Off Mobile method of time capture can skip straight to Step 4.

4. The employee then records their working day using the Start Shift, Start Break, End Break and End Shift buttons.

5. At the end of each day, the employee reviews the summary of their timesheet and clicks Submit.

At this point, employees can also add a comment (up to 100 characters) if they need to notify the manager of any changes to a regular shift, such as 'Went home early unwell'.



TIP

For employees recording their working hours using the Timesheets method of time capture, here's what to do:

1. Log into the MYOB Team app.

The MYOB Team app's home screen appears.

2. Select Time from the options at the bottom of the screen.

The Timesheets page opens.

3. Tap the + symbol to add a timesheet.

4. Select the date.

5. Record the working day using the Start Shift, Start Break, End Break and End Shift buttons.

6. Review the total hours worked to ensure they are correct.

Employees can also add a comment here if required.

7. Select Submit.

Employees will then be returned to the Timesheets page, where they can see a summary of all their unapproved timesheets.

Applying for leave

Employees can also apply for annual or personal leave:

1. Log into the MYOB Team app.

The MYOB Team app's home screen appears.

2. Select Apply for Leave.

The Leave page appears.



REMEMBER

The Apply for Leave option only appears if the employee is entitled to annual or personal leave (that is, they work full-time or part-time) and Leave Accruals have been set up within the employee's card (Chapter 11 guides you through setting up employee leave, while Chapter 12 covers managing and paying leave).

3. Tap the + symbol in the top right to add a Leave request.

The Leave Request page opens.

4. The employee is prompted to select their leave reason from the options provided (such as Annual Leave or Personal Leave), then select the length of leave and the dates and times required.



TIP

5. Optional: Employees can add a Note here, if helpful (for example, if they go home sick for part of the day).

If this is a workplace with a 38-hour week, one full day of standard leave in MYOB Team appears as 7.36, meaning 7 hours and 36 minutes (which, in terms of the proportion of hours, is 7.6 hours). Odd as this may look, this is correct. If an employee's leave request is for more hours (say 8 hours) or fewer



REMEMBER

hours (say 6 hours), they are best selecting the 'Less than one full day' option (I know it doesn't seem right for employees working longer days!) so that they can then apply for a full day of leave and add the exact number of hours required.

6. Click Submit.

The leave request is then sent to the approving manager for approval.



WARNING

An employee can only delete a leave application if it is still pending approval. There is no edit option, so if they make a mistake they will need to delete the request and redo the application.

Making work life easier with MYOB Team

MYOB Team has a number of features designed to make your employees' work lives easier. Here are just a few of the most helpful functions:

- » **Employees can view their shifts on the Roster tab.** Here, employees view their own shifts only. The upcoming section 'Creating and Viewing Rosters' takes you through how to use rosters.
- » **Pay slips are available for three months.** Employees can also self-serve their pay slips, rather than hunting through emails for old pay slips.
- » **Employees can manage their profile.** Tap the More option on the app's home screen to open the Menu page and select Profile. Here, the employee can enter or update their personal details, such as their name, phone number, address and bank details, as well as their TFN and related tax options (such as if they are claiming the tax-free threshold), along with their super fund details. Giving employees the ability to make these changes themselves is a pretty powerful feature and the changes, once saved, will simultaneously be updated within the employee's card in MYOB.
- » **Employees can set up a four-digit pin code for the MYOB Team app for added security.** A pin number also avoids the need to enter an email and password each time, which helps to make logging in easier.



TIP

Creating and Viewing Rosters

My daughter Jasmine had her first job at a local retail store. The roster was put up on the office wall every Monday morning for all to see — well, everyone who was there that day, so she had to call in every Monday and ask someone to confirm her

shifts for the week. As you may imagine, not only were many shifts missed, but she would sometimes show up at work to find the roster had changed without notice.

Using the MYOB Team Portal, you can create *rosters* for shifts online so employees can view their shifts via the MYOB Team app, which is a much easier solution than asking employees to check a chart on the office wall! Rosters are easy to create, with the added bonus that once you've set up your first roster, you can duplicate this to create new rosters as required.

To set up a roster, follow these simple steps:

1. Log into the MYOB Team Portal (go to Payroll → MYOB Team or log into MYOB Team at team.myob.com).

2. Click the Roster tab.

The Roster page appears.

Rosters can only be created via the MYOB Team Portal.

3. Click Create Roster.

4. Click Create Roster again if you are creating a new roster, or click Duplicate Roster if you want to create a copy of an existing roster.

The Create Roster pop-up window appears.

5. Select your location in the Location field (the location you want to create the roster for).

6. Choose the week you are creating the roster for in the Week field.

Rosters are only created one week at a time.

7. Click the Add button.

The roster appears, showing all the employees assigned to the location.

8. Click into the first day of the week for the first employee you are assigning a shift to, and add the shift times as required.

The box will expand to include a Start Time, End Time and Break (Mins). Times will display in 24-hour format and the Break (unpaid) should be in minutes (see Figure 13-9).

A cool feature is that the roster calculates the total time per employee, per day and per week so if you have a wages budget, you can use the totals to help you plan your shifts accordingly.



REMEMBER



TIP

9. Repeat Step 8 for all days and all employees as needed, until you have added all the required shifts for the roster.

The Duplicate Roster option can start to seem beneficial at this point if you have many employees!

10. Click the Publish Roster button.

Figure 13-9 shows a roster ready to publish. Once published, all employees can view only their own shifts via the MYOB Team app.

Name	Mon, 12 Oct	Tue, 13 Oct	Wed, 14 Oct	Thu, 15 Oct	Fri, 16 Oct	Sat, 17 Oct	Sun, 18 Oct	Total
▼ Cindy Charming	08:00 - 17:00	08:00 - 17:00	08:00 - 17:00	08:00 - 17:00	08:00 - 15:00	-	-	38.0
Start time	08:00	08:00	08:00	08:00	08:00			
End time	17:00	17:00	17:00	17:00	15:00			
Break (mins)	60	60	60	60	60			
▼ Fred Jones	10:00 - 14:00	10:00 - 14:00	10:00 - 14:00	10:00 - 14:00	10:00 - 14:00	-	-	20.0
Start time	10:00	10:00	10:00	10:00	10:00			
End time	14:00	14:00	14:00	14:00	14:00			
Break (mins)	0	0	0	0	0			
▼ Luke Walker	09:00 - 15:00	09:00 - 15:00	09:00 - 15:00	09:00 - 15:00	09:00 - 15:00	09:00 - 15:00	-	33.0
Start time	09:00	09:00	09:00	09:00	09:00	09:00		
End time	15:00	15:00	15:00	15:00	15:00	15:00		
Break (mins)	030	30	30	30	30	30		
▼ Susie Smith	-	-	-	08:00 - 17:00	-	09:00 - 15:00	-	14.0
Start time				08:00		09:00		
End time				17:00		15:00		
Break (mins)				60		0		
Total location hrs	17.5	17.5	17.5	25.5	15.5	11.5		105.0

FIGURE 13-9: A roster, ready to publish so all employees can see their shifts via the MYOB Team app.

Managing Approvals Using MYOB Team

As soon as your employees start using MYOB to record timesheets and submit leave requests, the onus is on you as the employer to complete the cycle and approve the submitted information.

Approving timesheets

Once your employees have submitted their online timesheets, the approving manager needs to approve these timesheets so that the information can be sent

through to payroll ready for the next pay run. Approving managers can also edit, add and delete timesheets.

You can approve timesheets via the MYOB Team Portal. Log into the Portal (go to Payroll → MYOB Team on your desktop) and go to the Timesheets tab. Ensure your filters are set to show the correct location and dates selected. Check the box to the left of an employee and the Approval options will appear, then simply click the required option to approve the submitted hours.



TIP

If you want to see the details of the timesheet day by day, including start, finish and break times, simply click the drop-down arrow to the far right of each employee.

Timesheets can also be approved via the MYOB Team app. Log into the MYOB Team app and click Approve Timesheets (refer to Figure 13-8). A new tab opens that shows your employees' submitted timesheets. Click into each employee to review and approve their timesheets.



TIP

I much prefer to approve timesheets using the MYOB Team Portal (via a desktop) as I feel the view is much better here, and I can also delete or add timesheets as required. However, being able to approve timesheets via the MYOB Team app on the go also has its time and place. For example, the ability to approve on the go is great for urgent timesheet approvals.

Things to note when reviewing and approving timesheets:

» **You can view an employee's timesheets one week at a time, in summary or in detail.** On the MYOB Team Portal, the initial view shows a summary view, including all employees, locations, time capture types, rostered hours, submitted hours and the number of timesheets pending approval. Click the drop-down arrow next to an employee's name to expand the details and see the start and end time details for their timesheet, plus any notes the employee may have added.

Using the app, you need to scroll through each timesheet one at a time to view and approve timesheets, so the approval process takes a little longer.



TIP

» **You can edit or delete timesheets.** You can only edit or delete timesheets if the timesheet is still in Pending. In the expanded view, to the far right of the timesheet in question, click the ellipsis button (the three dots to the right) and choose to edit or delete the timesheet as needed. Clicking Edit opens the timesheet, which you can save once fixed.

» **You can approve submitted or rostered hours.** *Rostered hours* are prefilled hours based on the completed roster from that same week. The rostered hours approval overrides the hours the employee enters, but do be alert for any significant differences between these hours and the hours the employee has recorded. You can only approve one week at a time, even if your pay cycle is fortnightly.

To approve submitted or rostered hours on the MYOB Team Portal, simply tick the boxes to the left of the date and the Approve options appear above the employee's name. (These approval options are also available when approving hours using the MYOB Team app.)

» **Once timesheets are approved, all hours worked will be pushed through to payroll.** The total hours worked for each employee go through to payroll as a total under the Base Hourly pay item within the relevant pay run. It is up to you to split out these total hours into other relevant pay items (such as Overtime) during the payroll process. You can then complete your pay run (refer to Chapter 12 for how to complete a pay run).

After you approve a timesheet, the Approval Status on the MYOB Team Portal changes to Approved, so you know the timesheet has been pushed through to payroll in your file. Figure 13-10 shows the Timesheets page with Approved timesheets.

The screenshot shows the 'Timesheets' page in the MYOB Team Portal. At the top, there are filters for Location (All), Payroll week (17 Oct - 23 Oct), Approving manager (Matthew), and Employee (Shaun). Below these filters is a table with columns: Employee, Approving manager, Location, Time capture type, Rostered hrs, Submitted hrs, and Pending approval. The table shows two rows for Shaun, both with 'Approved' status. Below this is a detailed view of the timesheet for Shaun, with columns: Date, Start time, End time, Break, Rostered hrs, Submitted hrs, Notes, and Approval status. The detailed view shows five rows of data for dates 17/10/ to 21/10/, all with 'Approved' status.

Employee	Approving manager	Location	Time capture type	Rostered hrs	Submitted hrs	Pending approval
Liam	Matthew	Workshop - Timesheets	Timesheets	0h	3/7h 30m	✓
Shaun	Matthew	Workshop - Timesheets	Timesheets	0h	3/7h 30m	✓

Date	Start time	End time	Break	Rostered hrs	Submitted hrs	Notes	Approval status
17/10/	08:00	16:00	0h 30m	0h	7h 30m		Approved
18/10/	08:00	16:00	0h 30m	0h	7h 30m		Approved
19/10/	08:00	16:00	0h 30m	0h	7h 30m		Approved
20/10/	08:00	16:00	0h 30m	0h	7h 30m		Approved
21/10/	08:00	16:00	0h 30m	0h	7h 30m		Approved

FIGURE 13-10: Timesheets being approved via the MYOB Team Portal.



TECHNICAL
STUFF

If you have photo capture or geolocation enabled, you can view this data as part of your approving process. Simply expand the timesheets via the drop-down arrow to the far right, and under the Evidence column that appears, you have the opportunity to select View to display the images and evidence related to these functions.

Approving leave

Oh glorious leave, doesn't everyone love being on holiday from work! You need to process and capture all leave applications accurately so you can trust your leave balances in MYOB and know that what employees see on their pay slips is in fact correct.



REMEMBER

Employees can apply for leave via the MYOB Team app if they are entitled to do so and if you've selected their leave entitlements during employee setup. They simply need to choose the type of leave and how much time they want to take as leave (or may already have taken, if personal leave). Refer to the earlier section 'Using timesheets and submitting leave requests' for more on how employees can apply for leave.

Employees can also add information via the Notes section of their leave application, which works well to communicate additional information to payroll so that nothing gets missed, such as if they've already submitted a timesheet for a full day but went home sick for half the day.

You can approve leave via both the MYOB Team Portal and the MYOB Team app. The approval process works in much the same way as approving timesheets (refer to the preceding section 'Approving timesheets') and the results flow directly into your payroll, adding the hours approved to the employee's leave record.



WARNING

If a leave request has been submitted, employees need to ensure they are not doubling up and adding a timesheet for the same day(s). Once leave has been approved, it cannot be deleted and will go through to payroll, where any leave adjustments required can be made.

Refer to Chapter 12 for further guidance on processing a pay run.

- » Gearing up to make electronic payments
- » Paying suppliers and employees electronically
- » Repairing payment errors

Chapter **14**

Taking Electronic Payments to the Next Level

In this chapter, I explain how to make electronic payments using batch payment files generated from MYOB. With this method, you record supplier or employee payments in your MYOB file, create a batch payment file, and then open this batch file in your internet banking to send multiple payments as a single transaction.

This method is quite different from how you're probably doing things right now. If you're new to using accounting software, I'm guessing you're still recording individual employee pays or supplier payments in MYOB, then switching over to your internet banking and entering these payments again, one at a time.

Using MYOB to make electronic payments is a game changer, because once you make the switch, you only enter supplier and employee payments once, not twice. Furthermore, working in this way reduces the errors that inevitably arise when you have to first record payments in MYOB, and then repeat those transactions one by one in your internet banking.

In this chapter, I take you through the process of preparing and creating electronic payments from MYOB, including how to resolve payment errors when they occur.

Getting Ready for Electronic Payments

Okay, so I'm assuming that you want to use MYOB to streamline your electronic payments, first recording payments in MYOB, then preparing an Australian Banking Association (ABA) electronic payment file that you upload to your internet banking so the payments go to your suppliers and employees.

If you make more than a handful of supplier or employee payments a week, you'll find that working in this way makes sense. Using MYOB to generate electronic payments is also popular with accountants and bookkeepers who may be processing payroll on behalf of a client (but who don't want to have access to their client's bank account). By creating an ABA file, accountants and bookkeepers can complete their clients' end-to-end payroll, then send the client the ABA file so that the client can make the payment themselves using their internet banking (knowing their accountant or bookkeeper has taken care of the MYOB side of things).



REMEMBER

Before jumping all in, check with your bank that you can make payments via an ABA file and if you need to enable this for your online banking accounts.

All good so far? Then now's the time to get started.

Setting up supplier details

In order to pay suppliers, you first need to enter their bank account details in your MYOB file, as follows:

- 1. Go to Contacts → All Contacts.**
The Contacts page appears.
- 2. From the Contact Type field, select Supplier.**
- 3. Using the Search field, locate the supplier. Click the supplier's name in the Name column.**

The supplier's contact page appears.

If you need to create a new supplier, turn to Chapter 2.



TIP

- 4. Scroll down to the supplier's banking information and enter their bank details.**

Enter the BSB Number, Bank Account Number and Bank Account Name. (The BSB Number is a six-digit code that represents the bank's name and branch.)

5. Complete the Statement Text and Remittance Advice Email address.

As the Statement Text, enter what you want this supplier to see on their bank statement when they receive your payment. This could be your business name or customer account number.



TIP

Add the supplier's email in the Remittance Advice Email field so that when you make a payment, you can easily send a remittance advice at the same time.

Figure 14-1 shows a supplier's completed banking details.

BSB number	111-111
Bank account number	123456
Bank account name	LOLLY SHOPS
Statement text	BUSINESS NAME
Remittance advice email	hello@business.com.au
More information	
Notes	

FIGURE 14-1: Entering banking details for a supplier.



WARNING

6. Double-check (even triple-check) the banking details.

I don't think I can say this enough but check, check and check again when recording banking details. Even if you only enter one teeny-weeny figure incorrectly, your bank may still happily transfer money to the wrong bank account — and trying to get your money back is virtually impossible. Random acts of kindness are one thing, but donating funds to complete strangers is pretty extreme.

7. Click the green Save button.

Setting up employee details

Setting up employees is not that different to setting up suppliers. Follow this similar process to help you put the pieces together:

1. Go to Payroll → Employees.

The Employees page appears.

2. Locate the employee using the Search field. Click the employee's name in the Name column.

The employee's contact page appears.



TIP

If you need to create a new employee, turn to Chapter 11.

3. **Go to the Payment Details tab.**
4. **Select Electronic as the Payment Method.**

If you've used MYOB's Employee Onboarding tool to set up your employees, the employee's payment method may already be set to Electronic.

5. **Enter the employee's banking details.**

Enter the BSB Number, Account Number and Account Name.



TIP

You can direct your employees' funds to three different bank accounts at their request. You may ask, 'Why would someone do that?' — and the answer is they may want to divert their wages into different accounts to cover their expenses with minimal fuss (so maybe they cover the mortgage from one account, while putting some money into savings and then sending the remaining balance to their everyday spending account). If your employees are this financially switched on, simply change the number in the Split Net Pay Between field and a new section will appear so you can enter the other bank account details required.

Figure 14-2 shows an employee's completed bank account details.

6. **Leave the Bank Statement Text blank.**

If you leave the Bank Statement Text blank, the default message that employees will receive on their bank statements is 'PAY FOR' followed by the pay period (for example PAY FOR 23/4/2024), which is about as clear a message as you could wish for.

7. **Double-check and triple-check the banking details.**
8. **Click the green Save button.**

Cindy Charming

Contact details Payroll details **Payment details** Pay slips

Payment details

Payment method

Split net pay between employee bank accounts

Bank statement text

Bank Account 1

BSB number *

Account number *

Account name *

Amount: Balance remaining

Delete Cancel **Save**

FIGURE 14-2:
Entering banking
details for an
employee.

GUARD YOURSELF AGAINST ONLINE FRAUD

The most common way employees do the dirty is by substituting a supplier's banking details with their own. (Although banks ask for an account name, the only thing the bank matches when making a transfer is the account number and branch.)

If you're a business owner — rather than a bookkeeper — remember that even if you authorise all the electronic payments your bookkeeper prepares for you, you certainly won't have time to check the bank account details for every person or company listed on every payment. In other words, the account name on a payment may be that of a known supplier, but the banking details could have been changed.

To combat this potential vulnerability, I suggest you spot-check account details on a regular basis (and ever-so-casually let your bookkeeper know you do so). You can also restrict access of users to just the particular areas of the file they need rather than giving access to everything (refer to Chapter 1 for more about passwords and security).

To further protect your funds, whenever you update bank details for suppliers and employees, MYOB sends the file owner a security email to alert them of the changes.

Hooking up your bank account

Now your suppliers and employees are set up, you need to enter your bank details. Here's how:

- 1. Go to Accounting → Chart of Accounts.**
- 2. Click the Account Name of the bank account from which you will be making electronic payments.**

The Edit Account page appears.

- 3. If you haven't already done so, complete your banking details.**

Enter your BSB, Bank Account Number and Bank Account Name, as well as your Company Trading Name.

- 4. Tick I Create ABA Bank Files for This Account.**

Two additional fields pop up when you tick this checkbox (Bank Code and Direct Entry User ID), as well as the Include a Self-Balancing Transaction checkbox:

- The Bank Code is a three-letter code that identifies your bank (NAB, CBA, WBC and so on).

- Your Direct Entry User ID is a special code that your bank gives you when you register for internet banking. For ANZ, NAB and Westpac, the User ID is 000000; for the Commonwealth Bank, the User ID is 301500. For any other financial institution, you will need to contact them, explain you want to use ABA files for paying suppliers or employees, and ask for the Direct Entry User ID (or APCA ID).
- You only need to tick Include a Self-Balancing Transaction if your bank requires a self-balancing transaction (most banks do) for each electronic payment you lodge. Ask your bank (or do a Google search) to see if a self-balancing transaction is required.



TIP

5. **Double-check (and triple-check!) the bank details you've entered.**
6. **Click the green Save button.**

To see how the completed bank account details section looks, check out Figure 14-3. (Please feel free to credit this account at any time!)

The screenshot shows the 'Edit account' form with the following details:

- Linked account for:** Cheque Payments, Customer Receipts, Paying Bills
- Current balance:** \$173,528.43
- Account category:** Detail account, Header account
- Account classification:** Asset
- Account type:** Bank
- Parent header:** Bank Accounts
- Account number:** 1-1100
- Account name:** NAB Business 2925
- Opening balance (\$):** 0.00
- Tax code:** N-T
- Notes:** (Empty text area)
- Inactive account
- BSB:** 999-999
- Bank account number:** 123456
- Bank account name:** SONYAS CAFE
- Company trading name:** SONYAS CAFE
- I create ABA bank files for this account
- Bank code:** NAB
- Direct entry user ID:** 000000
- Include a self-balancing transaction

Buttons at the bottom: Delete, Cancel, Save

FIGURE 14-3: Completed bank account details, ready to make electronic payments.

Checking your linked accounts

Before you start making electronic payments, you need to make one final check before lift-off. The electronic payments you process in MYOB need to sit somewhere until the funds clear from your bank account, ready to be matched — which is where your linked accounts come in. (Chapter 2 explains the logic behind linked accounts.)

To check your linked accounts, go to Accounting → Manage Linked Accounts. On the first tab (Accounts & Banking) you should see that the Bank Account for Electronic Payments is going to your Electronic Clearing Account.



REMEMBER

Here, you are checking the linked account where MYOB parks the electronic payment transaction for you, ready for you to match it to the payment coming out of your bank.

Making Your First Electronic Payment

So, you're ready to record your first electronic payment using MYOB? The following sections explain what happens next.

Creating supplier payments

Making an electronic payments ABA file, ready to send to the bank, is easy. Here's how it's done:

1. Go to create a supplier payment in the normal way.

Create your supplier payments the same way you normally do through the Purchases menu (refer to Chapter 8 for more details).

2. Tick the Electronic Payment checkbox under the Supplier field.

When you tick Electronic Payment, the Bank Account changes to the Electronic Clearing Account, which groups this electronic payment into a batch with any other electronic payments you make on the same day. Figure 14-4 shows an example of a supplier payment via the Electronic Clearing Account.



REMEMBER

3. Check the words in the Statement Text field.

I tend to include my business name in the Statement Text field. Alternatively, you could add invoice numbers but, seeing as you will likely also send remittance advices, the name should suffice.



TIP

The statement text you enter will appear on your supplier's bank statement, helping them to identify where the payment is coming from.

The first few times you process electronic payments for a supplier, you may want to double-check the supplier's bank details are correct. To do this, I recommend you open another browser tab with your supplier's contact information so you can check everything matches.

4. Optional: Add any important notes in the Description of Transaction field.

If you don't type anything here, MYOB automatically records the words 'Payment' followed by the supplier name once you save the transaction. Note that whatever you record here, this description will appear both on the supplier's remittance advice and also in your transaction reports.

5. Tick the bills you want to pay from the list of purchases for this supplier (don't forget to check the Total Amount Paid at the bottom of the Amount Paid (\$) column).

When ticked, the amount in the Amount Paid (\$) column defaults to apply the money owed in full. You can edit this amount if you only want to make a part-payment, or you can add a discount if a supplier has offered you one (for example, for paying early). Chapter 8 talks more about supplier payments.

6. Choose if you want to send a remittance advice now or later (or never).

Chapter 8 explains everything you need to know about sending remittance advices.

7. Save your payment and repeat this process for anyone else you plan to pay electronically on the same day.

After you save your first electronic payment, record any other payments that you want to make electronically in the exact same way so that you can combine all your payments in one batch.



TIP

To cross-check your totals when creating supplier payments, print the Unpaid Invoices report that you have reconciled all your supplier statements to. As you create each payment, check off the total owing with the total amount paid against this report. Bookkeeping is all about the checking and the double-checking — especially important when you're paying out money!

You're now ready to process all electronic payments together in one batch and produce your ABA file to upload and pay via internet banking. To find out what to do next, see the upcoming section 'Preparing your bank file for processing'.

Record payment to supplier

Supplier* Valid bank details

Reference number*

Date*

Electronic payment

Bank account

Statement text*

Description of transaction

Show closed bills Show purchase orders

3 purchases selected

<input checked="" type="checkbox"/>	Issue date	Purchase number	Status	Balance due (\$)	Discount (\$)	Discounted balance (\$)	Amount paid (\$)
<input checked="" type="checkbox"/>	22/06/20	6589	Open	330.00	<input type="text"/>	330.00	<input type="text" value="330.00"/>
<input checked="" type="checkbox"/>	15/06/20	6322	Open	2,020.00	<input type="text"/>	2,020.00	<input type="text" value="2,020.00"/>
<input checked="" type="checkbox"/>	01/06/20	6014	Open	480.00	<input type="text"/>	480.00	<input type="text" value="480.00"/>

Total amount paid **\$2,830.00**

Send remittance advice

Send now

Send later

To send in bulk later, go to Purchases > Remittance advice. [Learn more](#)

FIGURE 14-4: Select Electronic Payment to indicate that you intend to pay a supplier electronically.

Recording employee payments

Before you attempt to pay employees electronically, first go to each employee's Contact, select Electronic as the Payment Method and complete the employee's banking info. (Refer to the section 'Setting up employee details', earlier in this chapter, for more details.)

With your setup complete, recording employee payments is easy-peasy. Simply record pays in the normal way, as described in Chapter 12, until you come to the option to Pay Employees Via Electronic Payments. This takes you to the Prepare Electronic Payments window, from where you can create electronic payments. Read on to find out more. . .

Preparing your bank file for processing

If you are using the Electronic Payment method to record supplier or employee payments, each payment goes into a batch with all other payments that you've

marked for electronic processing. When you're ready to process these payments and create the ABA bank file, this is what you do:

1. **Go to Banking → Prepare Electronic Payments.**
2. **Select Pay Bills or Pay Employees from the Payment Type menu.**



TIP

I recommend you keep payment batches for employee pays and supplier payments separate. If you happen to have both wages and supplier payments on the same day, filtering your selection using the Payment Type menu enables you to separate these payments into two separate batches.

3. **Look at what comes up and consider whether it's reasonable.**

If no transactions appear, or you can't see all the transactions that you know should be there, chances are you may have missed ticking the Electronic Payment option when processing a payment. To resolve this problem, simply find the payment in question (Find Transactions under the Banking menu is usually the easiest method) and make sure you've checked the Electronic Payment checkbox. (The other culprit for no-shows here is if you've selected the wrong date range at the top of the Prepare Electronic Payments page — expanding the date range may help you identify the issue.)

If you find that a whole swag of transactions appear, dating back to the 1980s, it's probably because you've been using MYOB for a while and other transactions were allocated to your Electronic Clearing account in the past. For details of how to extricate yourself from this particular dilemma, see the nearby sidebar 'When old payments clog up the works'.

4. **In the Account field, select which bank account you want to make the payment from.**

This is usually your business bank account or something similar (refer to the earlier section 'Hooking up your bank account' for more on this).

5. **Review the text in the Description of Transaction field.**

Make the text meaningful as it may be useful in your reporting, so find a naming convention that makes sense to you and try to stick to it.



REMEMBER

6. **Check the date in the Date of Payment field.**

This is also the date that your bank will process the electronic payment, so choose the date that you want these payments to go out of your bank account. If you're creating this file after-hours, choose the next day as your date — otherwise, your bank may get nasty and reject the file. You can even choose to process payments to be made at a future date — great if you're going away on hols! Check with your bank how far in the future it will allow. (You definitely can't choose a date in the past though!)

7. Select the payments you want to process.

Select all payments you want to process in this batch by clicking in the far-left column (next to the Date heading), as shown in Figure 14-5.

8. Click the Download Bank File button.

A pop-up window appears to inform you what will happen next, such as to confirm that the transaction will be recorded or alert you to any issues.

9. If you are happy, click the Download Bank File button in the pop-up window.

The file will now be sitting in your Downloads folder on your computer.

10. Log in to your internet banking and upload the bank (ABA) file for payment.

If you're unsure about the process at your bank's end of things, reach out to your bank as every bank has a slightly different process.

FIGURE 14-5:
Marking
payments for
electronic
processing to
create an
ABA file.

Prepare electronic payments

Payment type: All | Transactions from: 30/06/20 | Transactions to: 30/06/20 | Reset

Account *: 1-1100 NAB Business | Reference number *: EP000002 | Date of payment *: 30/06/20 | Description *: PAYMENT EP000002

Balance: \$173,528.43

Description of transaction: EP - Suppliers Paid June

3 items selected

<input checked="" type="checkbox"/>	Date	Reference	Name	Payment type	Amount (\$)
<input checked="" type="checkbox"/>	30/06/20	44	Great WA Truffles	Pay Bills	2,830.00
<input checked="" type="checkbox"/>	30/06/20	45	Billy Fresh F&V	Pay Bills	1,455.00
<input checked="" type="checkbox"/>	30/06/20	46	AAA Cleaning	Pay Bills	710.00

Total payment: \$4,995.00

[Learn more about electronic payment methods](#) | [Download bank file](#)

11. Log in to internet banking to upload and pay.



WARNING

When you upload the bank (ABA) file, do one final review of the details to ensure the totals match to the electronic payment in your MYOB file that you generated. Don't forget to also check the payment date so the bank payment and the MYOB payment will match. You can never double-check enough!



TIP

WHEN A SUPPLIER ONLY ACCEPTS BPAY

You can't use electronic payments to pay suppliers that only accept BPAY, such as Telstra or Origin. For suppliers that only accept BPAY, my preference is to pay them directly through my internet banking. Alternatively, some of my clients prefer to set up direct debits so that payment is made automatically on the due date. Either way, you can create a rule so that when the payment comes through on your bank feed, it's automatically allocated.



TECHNICAL
STUFF

WHEN OLD PAYMENTS CLOG UP THE WORKS

Sometimes when you first try to prepare electronic payments, you find that a whole bunch of transactions appear, dating months or even years back for a variety of reasons. Don't sweat. While you can't remove these in bulk, here is a great workaround. You can get rid of these old transactions by heading to your Chart of Accounts and creating a new Electronic Payments account (make sure you select Bank as the Account Type). Then, go to Manage Linked Accounts (found under Accounting) and click the Accounts & Banking tab. Select this new account as your Bank Account for Electronic Payments and you will never have to see the old transactions appear again.

Fixing Payments When Something Goes Wrong

At some point you are likely to have to deal with fixing an electronic payment. Common errors include if you get a bank account number wrong (maybe a supplier has changed its bank details) or you try to process a payment when you don't have enough money in your account (yep, it happens).

Now, depending on what needs changing or fixing, you may need to delve into the grouped electronic payment or go to the individual payment within the batch. If you're solving such problems for the first time, before you jump in and start changing things, I suggest you map out the steps you need to follow to undo the mistake, and then resolve the issue by redoing the payment. By tracking your progress, you can tick off the steps as you go.

Here are some common scenarios you may need to resolve, and the solutions:



TIP

» **You recorded the electronic payment incorrectly.** Perhaps you realise you don't have enough funds to pay all the suppliers you wanted today, so you decide to recreate the ABA bank file. You need to delete the whole grouped electronic payment, pushing the payments back to the Prepare Electronic Payments page so you can generate the ABA file again. (Don't worry — by deleting the grouped payment, you're not removing the individual supplier payments.)

You can find the grouped (or batch) payment by going to Banking → Find Transactions and locating the Electronic Clearing account via the Account filter. Find the grouped payment, click into the payment and click Delete. When you've undone the incorrect grouped payment, you can go back to Prepare Electronic Payments and create the grouped payment you require (refer to the earlier section 'Preparing your bank file for processing' for the steps here).

» **You have the wrong bank details saved for a supplier.** Assuming you haven't processed the ABA file in your internet banking yet, you have two options: 1) Edit the ABA file or 2) delete the supplier payment, update the supplier's bank details and then recreate the ABA file.

Whether you can edit your ABA file (after you've uploaded the file) depends on whether your bank allows you to do so, but if you feel confident enough to make changes at this stage of the process, this solution is by far the quickest and easiest way around the problem. (Don't forget to go back and fix the bank details in the supplier contact for next time.)

The second option is to correct the error. First, you need to remove the electronic batch file to which this supplier payment belongs, as explained in the solution to the first scenario in this list. Then, refer to Chapter 8 to help you delete the supplier payment. Finally, update the supplier's bank details as required, and then recreate the supplier payment, the electronic batch to which this payment belonged, and the ABA file.

» **You can't find the ABA file.** You've searched high and low, you've got your best Sherlock cap on and yet the ABA file you've created is nowhere to be found. Fortunately, this problem has an easy fix. You can find the grouped (or batch) payment by going to Banking → Find Transactions and locating the Electronic Clearing account via the Account filter. Find the grouped payment, click into the payment, and click Download Bank File to regenerate the ABA file, as per Figure 14-6.

FIGURE 14-6:
You can re-download an ABA file from an electronic payment you've already recorded.

Electronic payment EP000002

Account: 1-1100 NAB Business 2925 Asset
Reference number: EP000002
Date of payment: 30/06/20
Description: PAYMENT EP000002

Balance: \$168,533.43

Description of transaction: EP - Suppliers Paid June

Date	Reference	Name	Payment type	Amount (\$)
30/06/20	44	Great WA Truffles	Pay Bills	2,830.00
30/06/20	45	Billy Fresh F&V	Pay Bills	1,455.00
30/06/20	46	AAA Cleaning	Pay Bills	710.00
Total payment		\$4,995.00		

Download Bank File Delete Go back

THE MYSTERIOUS ELECTRONIC CLEARING ACCOUNT

Whenever you record an electronic payment, you need to select the Electronic Payment option. By working in this way, this payment doesn't come out of your business bank account (in MYOB) but instead comes out of a special electronic clearing account. This process allows you to group these individual payments together so everything balances.

When you're ready to process these payments in MYOB, you go to Prepare Electronic Payments. After they're processed, the combined total comes out of your business bank account and goes to offset the electronic clearing account in MYOB. The balance of your electronic clearing account (which doesn't exist in reality and is just a mythical creation) should always start with zero and return to zero.

The moral of the story? If you see that the balance of your electronic clearing account isn't zero (assuming you've processed all electronic payments at that point), you have a problem. You may even have left a lonely payment on the Prepare Electronic Payments page (perhaps it had the wrong date so it hasn't yet been processed). Try to figure out when it went out of balance to explore the issue.

One of the easiest ways to troubleshoot clearing accounts is to go to Reconcile Accounts (under the Banking menu), select the clearing account in question, and click off all the withdrawals and deposits, making sure that the New Statement Balance is \$0.00 every time you click the Reconcile button. After you match all possible transactions, the transaction or transactions that remain should be the ones that are causing the problem.

4

Making MYOB Work for You

IN THIS PART . . .

Knock up reports that give you all the information you need, in a format you like.

Get your head around GST and find out how to complete your first Business Activity Statement (oh, joy of joys).

Understand Profit and Loss and Balance Sheet reports, and analyse where you're making (or losing!) money in your business.

Give your company file a 'health check' so that you can keep everything in tiptop shape.

IN THIS CHAPTER

- » Checking your default report settings
- » Customising reports to suit your business
- » Making a splash with logos, colours and watermarks
- » Packaging reports into neat and tidy bundles

Chapter **15**

Reporting for Business

Beneath its cool, calm exterior, your MYOB file is a seething mass of information. With a few clicks, it reveals a squillion business reports, all of which can be customised in different ways to suit the needs of your business.

The invaluable information in your reporting is what separates MYOB Business from a giant calculator — all the data you enter in your file is ultimately for the purpose of Reporting. Apart from the obvious reasons of accounting and record-keeping, it is to help you make decisions so your business can survive and thrive. In a matter of seconds, the level and detail available within MYOB's reporting can confirm or surprise you with all manner of business performance insights.

In this chapter, I explain how to set up your reports, embed reporting into your business workflows and create smart, customised report packs that are fit for purpose.

Reviewing Your Report Settings

Before leaping straight into creating reports, you can save some time by reviewing your default Report Settings (go to Settings → Report Settings).



WARNING

If you're like a bull at a gate and want to jump straight into customising your reports, think twice before skipping this short review of your settings. Although all these options can be adjusted within each report, you don't want to risk forgetting to change an important setting, such as your accounting or GST reporting methods.

You have two Report Settings tabs to consider in your review:

- » **Business Settings:** Here, you can pre-set your accounting and GST reporting methods to Cash or Accrual. Note that these settings don't necessarily need to match, and indeed, many businesses choose to generate financial reports on an Accrual basis, but report for GST on a Cash basis.

I talk more about GST report settings in Chapter 16, and about business report settings in Chapter 17.

The final section of the Business Settings tab allows you to show or hide exception alerts in your reports. *Exception alerts* help you find transactions that you may need to check, highlighting problems at the top of your reports. Chapter 18 covers exception alerts in more detail.

- » **User Preferences:** This tab allows you to adjust how you want your reports to display in six ways:
 - **Year-end adjustments:** Toggle here to include or exclude year-end adjustments in your reports (if in doubt, click to include these adjustments, or ask your accountant or bookkeeper).
 - **Display negative amounts:** Toggle here to see negative numbers either in brackets or with a minus sign (whichever you prefer).
 - **Other preferences:** Get your numbers to display as you want by checking or unchecking the options in this section (you can set reports to include or exclude accounts with zero balances, account numbers, currency symbols and cents).
 - **PDF styling:** Style your reports to suit your business. PDF style templates give you the opportunity to add headers, footers, logos and more to all your reports. See the later section 'Adding a Personal Touch to Your Reports' to find out more.
 - **Report pack template:** Select your default report pack template here. Turn to the later section 'Stop the Press! Streamlining with Report Packs' to find out more about creating report pack templates.



REMEMBER

Although I'm suggesting you review your default report settings here, you can also change any of these options whenever you generate a report.

Generating Reports

To view the list of standard reports in MYOB, go to Reporting → Reports and scroll through the full list of reports available under All, or review in groups using the tabs along the top (see Figure 15-1).

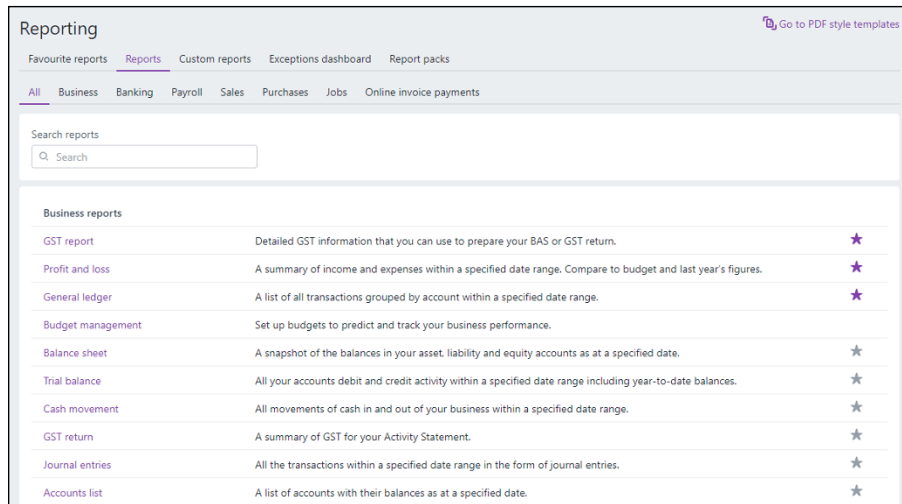


FIGURE 15-1:
The Reports page.

Click each report name to see its default format. Most reports default to the current month for the date range, although if you change dates once, MYOB tends to remember the changes for next time.

The following sections explain how to customise these reports to get the information your business needs.

Customising reports

Ready to customise your first report? Grab your dancing partner (that's MYOB, in case you're wondering) and swing into action.

As an example, I'm going to customise the General Ledger report. The default format for this report shows all transactions in your MYOB file, sorted by account, along with opening and closing balances. To make this report more helpful, I'm going to add some columns and move other columns around.

Follow my instructions to see how this particular polka plays out:

1. Go to Reporting → Reports.

The full list of available reports appears.

2. Select the General Ledger report from the Business tab.

The General Ledger report displays with your pre-set report settings (refer to the earlier section 'Reviewing Your Report Settings').

3. Select the relevant date range.

4. Choose which accounts you want to display by clicking the Accounts button and selecting from the list that appears.

For the purpose of this example, select only the Expenses accounts.



TIP

To narrow your search, click the Account No checkbox at the top left to deselect all accounts and then use the Search field to find the accounts you need (in this case, enter the word 'expenses' and then click the checkbox next to the header account Expenses to select all your Expenses accounts).

5. Click the green Apply button.

Now your General Ledger report only displays Expenses accounts.

6. Check your Accounting Method and Report Options.

Depending on your business, the choice between Cash or Accrual as your Accounting Method may significantly affect the results that display. Chapter 16 talks more about GST settings.

7. Click the Customise button to adjust your report columns.

The Select and Reorder Columns window appears.

Click the cross to the right of any columns you want to remove. For this example, remove the Open (\$) and Net Activity (\$) columns.



TIP

Hover over the six dots to the left of each column if you want to reorder the columns — simply drag the columns into the order you require.

8. Click the Select Columns to Display drop-down arrow to add columns to your report and then reorder the added columns as required.

For this example, search or scroll for Gross Amount (\$) and Tax Code and click to add these columns to the end of your columns list.

You can then drag each column into position (using the six dots to the left of the column name). For this example, move the Gross Amount (\$) column to after the Transaction Description column, move the Tax Amount (\$) column to after the Gross Amount (\$) column, and move the Tax Code column to after the Tax Amount (\$) column.

9. Click the green Apply button.
10. Click Expand All to view the customised report in all its splendour.
 The expanded report appears. You only see the added columns in the expanded view; in the default summary view (which you can return to by clicking Collapse All), the added columns disappear.
11. Looking good? If your report is not quite right, click Customise again and reorder the columns as required.
 If you followed my example, your report should look similar to Figure 15-2.
12. Optional: Click the Export button to export the customised report via Excel or PDF. Or simply click View and Print (save on the extra click).



TIP

General ledger report Save as

Date range: Custom | Date from: 01/06/20 | Date to: 30/06/20 | Accounts: 61 selected | Accounting method: Accrual

1 June 20 to 30 June 20 | Refresh | Expand all | Collapse all | Customise | Export | View and print

Account number	Account name	Date	Reference number	Transaction type	Transaction description	Gross amount (\$)	Tax amount (\$)	Tax code	Debit (\$)	Credit (\$)	Balance (\$)
6-1100 Accounting Fees											
		01/06/20	332	Spend money	PAYMENT - MYX ACCOUNTANT	\$880.00	\$80.00	GST	\$800.00		\$29,827.26
		Total				\$880.00	\$80.00		\$800.00		\$29,827.26
6-1200 Advertising											
		07/06/20	313	Spend money	PAYMENT - TRINITY ADVERTISING	\$550.00	\$50.00	GST	\$500.00		\$16,594.55
		Total				\$550.00	\$50.00		\$500.00		\$16,594.55
6-1210 Bank Charges											
		01/06/20	379	Spend money	BANKING TRANSACTION FEE	\$0.50	\$0.00	FRE	\$0.50		\$356.00
		07/06/20	EFT	Spend money	INTERNET ONLINE BANKING TRANSA...	\$0.50	\$0.00	FRE	\$0.50		\$356.50
		15/06/20	EFT	Spend money	MONTHLY PLAN FEE	\$15.50	\$0.00	FRE	\$15.50		\$372.00
		Total				\$16.50	\$0.00		\$16.50		\$372.00
6-1400 Cleaning											
		08/06/20	317	Spend money	PAYMENT - AAA CLEANING SERVICE	\$51.00	\$4.64	GST	\$46.36		\$4,630.85
		Total				\$51.00	\$4.64		\$46.36		\$4,630.85

FIGURE 15-2:
You can customise almost any report to add, remove or reorder columns.



WARNING

When you navigate away from a report and then return to the same report later, the layout reverts to its default settings. To avoid this irritating situation and find out how to save your report handiwork, see the next section, 'Saving your customisations'.

Saving your customisations

To save you having to reselect all your options every time you want to return to a particular report layout, MYOB gives you the ability to save your customisations.

To save a customised report:

- 1. Customise your report (refer to the preceding 'Customising reports' section to guide you).**

Remember to collapse or expand the report as required.

- 2. Click the green Save As button at the top right.**

The Save Custom Report pop-up window appears.

- 3. Give your custom report a name, so you can easily find it later.**

You can also add a description here if you need more information to help you differentiate between similar reports.

- 4. Decide who can access your report.**

Most users will only have two options here: Only I Have Access (that is, you — the person saving the report) and All Users Have Access.



TIP

- 5. Optional: Make the report available to other MYOB Business files you work in.**

If you work with more than one MYOB file, ticking Make Report Available in Other Businesses allows you to save this customised report within any other MYOB online files that your login email has access to. Before you can say Alakazam, when you log in to the other entity the customised report will be sitting waiting for you (under your custom reports), with no need for you to recreate the report.

- 6. Click the green Save button.**

To view your clever work, head to the Reporting menu and select Custom Reports. Click the report name to view the report, or click the Actions column to Duplicate, Edit Permissions or Delete the report as required.



REMEMBER

Organise all reports you use on a regular basis by clicking the star icon to the far right of the report name. The report then appears on the Favourite Reports page from your Reporting menu.

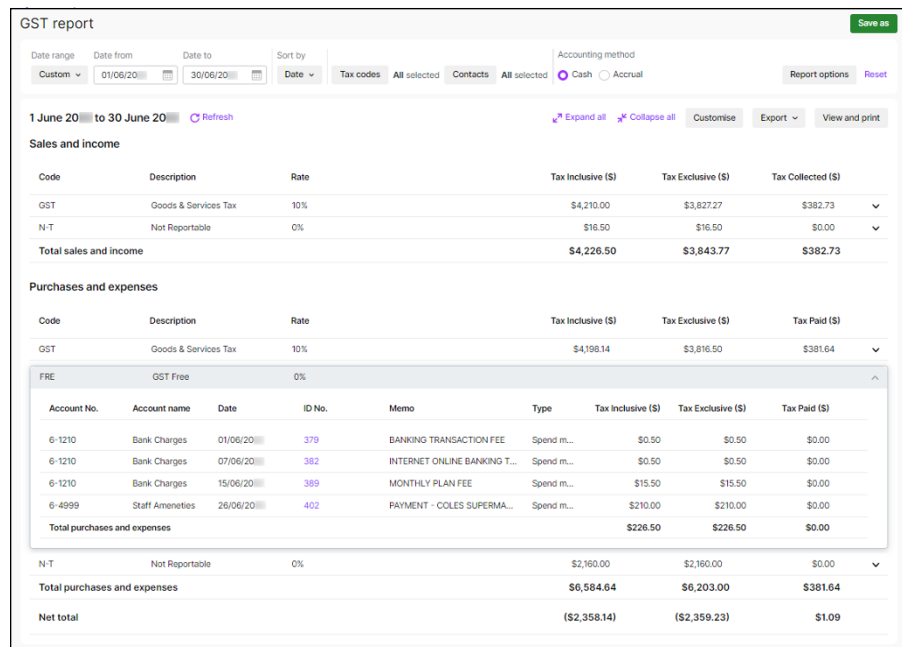
Inserting additional layers of data

At first glance, the reports in MYOB Business may seem few in number, especially if you're an AccountRight user and used to seeing a hundred default reports or more. However, one of the really neat things about MYOB Business is the way you can insert comparative data or additional columns to create exactly the reports you need.

To give you an idea of the flexibility and scope available, here are some possible ways to customise key reports:

» **Experiment with the GST Report, which you find on the Business tab:**

Toggle between Cash and Accrual as the Accounting Method or toggle between Expand All and Collapse All to view transaction details. Figure 15-3 shows a GST Report with Cash as the Accounting Method, and one tax code expanded in detail.



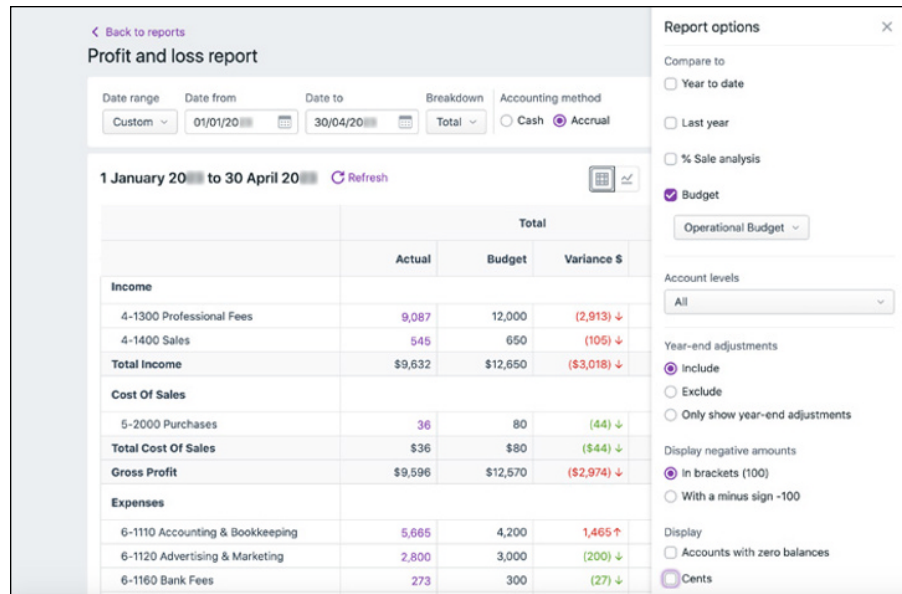
- » **Customise your General Ledger report to help with your fuel tax rebate:** If you claim a fuel tax rebate as part of your Business Activity Statement (BAS), add the number of litres of fuel as a quantity when processing transactions. You can then customise your General Ledger report by adding the Quantity column and only selecting the Motor Vehicle Fuel account. Export this customised report to Excel to calculate the total rebate due.
- » **Customise your General Ledger report to check your payroll clearing account is at zero:** It's good practice to check that your Payroll Clearing account returns to a \$0.00 balance at the end of each pay run. I create a customised version of my General Ledger report that shows my Payroll Clearing account only, and I click Expand All so I can monitor the running balance.
- » **Customise your Profit and Loss report to provide a monthly comparison against last year:** Track business profitability using a customised Profit and Loss report that sets the Breakdown as Monthly and the Compare To section as Last Year. You can assess if your business is trading better than the same time last year, and monitor these differences by displaying dollar and percentage variances.
- » **Customise your Profit and Loss report to provide a monthly comparison to your budget:** If you've entered a budget into your file (Chapter 17 covers creating budgets), you can customise your Profit and Loss to compare actual results against budgets. Select the Breakdown as Monthly and this time click Budget in the Compare To section. Again, two variance columns appear, which you can retain or remove as required. (See Figure 15-4 for an example of this customisation with a budget and the variance showing in percentage amounts.)

Exporting reports

Depending on which report you're viewing, you may sometimes feel as if much of the page's real estate is taken up by the report's filters and options. If so, consider exporting your reports to either PDF or Excel. This way you can zoom in or out for easy viewing, or change between portrait and landscape view.

An additional advantage of exporting to Excel is you can further manipulate the data if you need to. For example, you can add further calculations and sums into an Excel spreadsheet, highlight key figures or make notes. (You need to have Microsoft Excel 2010 or later installed on your computer for the Excel export to work.)

FIGURE 15-4:
A customised Profit and Loss report for a single month comparing actual results against budgets.



Adding a Personal Touch to Your Reports

So far in this chapter I've focused on how to get exactly the information you want on a report by inserting, moving or deleting columns, applying report filters, or customising your data in different ways.

The next step allows you to add some glitter and shimmer to your reports to make them stand out. Think of this stage as 'branding' your reports for your audience (which may appeal to your marketing team in particular).

MYOB provides you with several different ways to get creative and add personality to your reports, which I cover in the next couple of sections.

Understanding style templates

When you first start generating reports in MYOB, one somewhat confounding element is choosing whether to Export to PDF or View and Print. This is very much a personal preference, but a win on both sides — the export to PDF gives you the option to change your default PDF styling (as you'll discover) and the View and Print is just one click for it to display in PDF. Both display in a new browser tab so you can easily print the report from there.

The advantage when you export a report as a PDF, is you can choose a style template which controls how the report will display or print, giving you control over things such as page orientation, headers, footers, logos and so on. To access these features, you first need to create what MYOB calls a *PDF style template* (a template that controls the formatting for any chosen report).

The process for creating and applying PDF style templates is a tad convoluted, but worth the effort, so here's how the concept works:

1. Go to Reporting → PDF Style Templates.

2. Click Create New Style.

MYOB displays a Profit and Loss report on the right and a menu of report settings on the left. Don't worry if the report you want to style isn't a Profit and Loss report — you'll be able to apply the style you create here to any report.

3. Experiment with the settings until you get this report looking just right.

I explain how these various settings work in the next section.

4. Click Save As in the top right to save this style template.

5. Give the template a name that makes sense to you.

You can also add a description here if you think this will help you identify the template later.

6. Decide whether only you will have access to this template, or whether all users in your company file will have access.



TIP

Usually, it makes sense for all users to have access. Making templates available to everyone means that different staff members don't each create their own versions of your business's branding, but rather use the same approved templates.

7. Click Make Template Available to Other Businesses if you want to use this template in other company files.

8. Click Apply.

This template now appears in your list of style templates.

9. Return to your Reporting menu and select a report you use regularly.
10. Click PDF from the Export menu, select the style template you just created, and click Export.

Your report appears in all its glory, with the settings from your new style template applied. *Note:* If you choose View and Print it will display with the default styling you have set within the Report settings.

Bringing out the artist within

You can style your reports in the following ways:

- » **Page layout:** You can choose whether this report displays as Portrait or Landscape, or as Regular or Compact. Alternatively, if you select Auto then MYOB decides how best to display the data, which is usually the best option.
- » **Header:** Add a logo to your report and a header to each page (or your first page only). The header will display your business name, address and phone number.
- » **Footer:** Use the footer to add disclaimers to your reports (or, if you'd rather add footer text that isn't a disclaimer, simply type whatever you'd like to see as your footer into the Disclaimer field).
- » **Watermark:** Add a watermark of your choice (for example, Draft or Confidential) and adjust the colour, transparency and position of the watermark.
- » **Style options:** Brighten up your report with a splash of colour. (If you don't like your choices, click Reset to Default to return to MYOB's regular palette.)



TIP

You can create as many different PDF style templates as you like. For example, if you're the business owner and you regularly report to investors, you can create a template for this audience only. Similarly, if you're an accountant or bookkeeper, you can create style templates that you use for all your clients. Figure 15-5 shows a PDF style template in action.



Sonya's Cafe
1 Sweet Street
SYDNEY NSW 2000
0405822966

Trial balance report

20

Account no	Account name	Debit (\$)	Credit (\$)	YTD Debit (\$)	YTD Credit (\$)
1-1100	NAB Business 2925	\$520.30		\$180,060.24	
1-1200	NAB Savings Account	\$1,000.00		\$183,327.48	
1-1300	Payroll Clearing Account		\$1,178.00		\$12,423.58
1-1400	Electronic Clearing Account		\$2,500.00		\$8,208.00
1-3500	Trade Debtors		\$5,055.00	\$64,076.00	
1-7200	Buildings - Accumulated Depreciation	\$0.00			\$1,063.02
1-7300	Plant & equipment - At Cost	\$0.00		\$72,800.00	
1-7500	Motor vehicles - At Cost	\$0.00		\$10,000.00	
2-1100	Amex card		\$0.00	\$33,888.57	
2-1500	Accounts payable		\$1,255.00		\$142,853.55
2-2100	PAYG payable		\$342.00		\$9,771.00
2-2200	Superannuation Payable		\$152.00	\$5,591.50	
2-2400	GST Collected		\$0.00		\$9,676.19
2-2500	GST Paid		\$0.00	\$2,605.47	
2-2600	GST Balance	\$910.55			\$12,666.41
2-4000	Child Support Payable		\$0.00		\$795.00
2-5100	Directors Loan		\$0.00	\$14,500.00	
2-5500	FirstBank Business Loan		\$0.00		\$30,000.00
2-7100	HP Lease Hilux - unexpired Interest		\$0.00	\$125.48	
3-1000	Drawings		\$3,975.50		\$307,890.00
3-8000	Retained Earnings		\$0.00	\$4,730.31	
3-9999	Historical Balancing		\$0.00		\$41,608.00
4-1000	Sales Income		\$710.00		\$207,423.18
4-2000	Service Income		\$3,877.27		\$53,318.14
4-3000	Contract Income		\$909.09		\$14,999.98
4-4000	Events Income		\$0.00	\$404.53	
4-8100	Rental Income - Morley		\$0.00		\$4,363.64
4-8400	Rental income - Yokine		\$0.00		\$4,363.64
5-1000	Food Purchases	\$5,800.45		\$82,164.09	
5-2000	Sub-contractors	\$0.00		\$120,300.00	
6-1000	Accounting Fees	\$3,835.45		\$13,635.45	

FIGURE 15-5:
A sample PDF
style template.

Stop the Press! Streamlining with Report Packs

Are your reports looking as perfect as that first sweet strawberry of the season? If so, you're ready to send these reports into the big, wide world.

Imagine how sweet it would be if you could send just one PDF attachment containing all the different reports you need (as opposed to saving and attaching them all separately)? Well, I'm happy to tell you that MYOB has made this idea a reality with report packs.

The ability to create report packs has been a real magic wand moment for me when it comes to reporting. Report packs have changed how I save, store, share and deliver documents not only within my own business, but when working with my clients and their accounting advisers.

Creating a report pack template

To begin generating a report pack containing a particular set of reports, you first need to create a report pack template that includes these reports. For example, a BAS report pack may include all your GST and payroll reports, while a monthly management report pack may include your Profit and Loss report, Balance Sheet, Unpaid Invoices and Unpaid Bills reports and a Statement of Cashflow report.

To create a report pack template:

1. **Go to Reporting → Report Packs.**
2. **Click the green Create New button and select Template.**

The Report Pack Template page opens.

3. **Optional: Select a PDF style to apply to this template.**

For more about PDF styles, refer to 'Understanding style templates' earlier in this chapter.

4. **In the Pages section, add all the reports you want to include in this report pack.**

A cover page and a table of contents are already in place to ensure your report pack looks professional.

Any reports you've already saved as Custom Reports can be found towards the bottom of the drop-down list.



TIP

5. **Optional: Reorder the report pack contents.**

If you want to reorder the reports in your report pack, click the six dots to the left of the report you want to move and hold as you drag the report into the required position.

6. **Check your Report Preferences.**

These preferences will be set as per your Report Settings preferences but you can change them as required here.



7. Optional: Tick the Add a Full Page Disclaimer checkbox and add your disclaimer text.

This feature is generally used in more official settings where a disclaimer around particulars within your financial reporting may be required. For example, you (or your accountant) may like to tick this option if you're supplying draft financial statements to a potential investor or loan provider.

You can either type the disclaimer text required or upload a pre-prepared disclaimer document.

8. Click the green Save As button.

The Save As New Report Pack Template pop-up window appears, where you can name your template, add a description and confirm who can access and use the template. If you work across multiple MYOB files, you can also make this template available for use in your other MYOB files.

Figure 15-6 shows an example of the BAS report template I use.

Report pack template

Cancel Save as

Styling

Select a PDF style to apply to the template

Default

Pages

Add, reorder and remove sections of the report pack

Cover page

- Table of contents
- GST return
- GST report summary
- GST report detail
- Payroll summary
- Payroll activity summary

Report preferences

Negative amounts

- In brackets (100)
- With a minus sign -100

Other preferences

- Accounts with zero balances
- Accounts with zero movement
- Account numbers
- Currency symbols
- Cents

Disclaimer

- Add a full page disclaimer

FIGURE 15-6: An example of a report pack template you can send with your BAS.

Generating a report pack

Gold star to you — your first report pack template is ready to go! Now you're ready to generate your first report pack.

To generate a report pack:

1. **Go to Reporting → Report Packs.**
2. **Click the green Create New button and select Report Pack.**
The Create a New Report Pack pop-up window appears.
3. **Select the required Period or Date Range, and your report pack template from the Select a Report Pack Template drop-down field.**
4. **Click the green Apply button.**

Yay! How good does it look?



TIP

5. **Optional: Add some extra sparkle to your report pack.**

Before you save your report, you can add some finishing touches:

- **Template options:** If you didn't select a default PDF style template when you set up the report pack template, you can add one now and also adjust the page orientation.
- **Cover page:** Change the Title, Subtitles and the Date Description, and insert your logo.
- **Table of contents:** Remove the cover page here if you prefer and toggle between dotted lines or no lines for your page number listing.
- **Pages:** Want to switch out a report? You can remove and add reports on the fly, giving you the flexibility to make one template work for similar report packs without creating a report pack template for each one.
- **File upload:** Need to add an extra document to the pack? You can add any PDF document you like into the mix here. For example, you may choose to lodge your BAS and then generate a report pack for your records that includes a copy of the lodged BAS.
- **Comments:** You can add comments as endnotes in your report pack (with or without highlights). Simply click the area of interest within a report and a comment box will pop up for you to add a comment.

After you save your first comment, a Comments (as endnotes) page is added at the back of your report pack. As further comments are added to the report pack, the comments will become numbered.



TIP

If you want to reorder the pages before you save your report pack, click the page thumbnail in the page grid to the right and drag the page into the required position. A little patience can be helpful here while MYOB regenerates the report pack and updates the table of contents for you.

6. Optional: Change the Status to Approved or Published.

When you change the Status of a Report Pack to Published, MYOB saves the final PDF as read-only, meaning that you cannot make any further edits. I find publishing reports in this way really useful when finalising end-of-year reports.

7. Click the print arrow icon to display the report pack in a new browser tab or click the download icon to save the report pack as a PDF in your Downloads folder.



TIP

Missing in action? You'll find these little icons in the bottom-right corner of your report.

8. Select Report Pack from the Save As menu, and add a Name.

You can also add a Description if you like, and choose whether this report pack will be viewable for all users or just yourself. Once saved, you can find this set of reports under the Report Packs menu.

IN THIS CHAPTER

- » Understanding the basic terms
- » Keeping it simple with your Tax Codes list
- » Getting the right code, every time
- » Checking your work with a fine-tooth comb
- » Preparing your Activity Statement
- » Lodging your Activity Statement using MYOB
- » Making a record of payments and refunds

Chapter **16**

The Gist of GST

The good old GST (or Goods and Services Tax): If it moves, tax it. If it makes a noise, tax it. If it's cash, tax it extra, just because. (Unless it's a life essential, of course.)

The confusion that this tax generates is probably one of the main reasons I'm still in business. Still, I question the wisdom of such a complex labyrinth of rules that require me to consider why coffee beans are GST-free but takeaway coffee is taxable, or why medical supplies are GST-free but medical reports aren't.

But I'm not here to explore the mysteries of GST. Instead, I'm here to make calculating this tax and lodging your Business Activity Statement (BAS) as painless as possible.

Understanding Where Everything Fits

Every transaction you record in your MYOB file falls into one of four categories: A taxable supply, a GST-free supply, an input-taxed supply or a non-reportable transaction.

- » *Taxable supplies* are any goods or services that attract GST. Examples include computers, consultancy fees, stationery and freight.
- » *GST-free supplies* are goods or services that are GST-free. Examples include fresh food, many medical services and products, many educational courses, childcare, exports and a range of religious supplies.
- » *Input-taxed supplies* are supplies that don't have GST added to the final selling price. Examples include bank charges and residential rents. If your business sells an input-taxed supply (maybe you're a landlord of residential property), you can't claim input tax credits for the GST you pay on your supplies.
- » Non-reportable transactions don't attract GST and aren't reported on your BAS. Examples include transfers between bank accounts, loan repayments, personal drawings, dividend income and superannuation payments. (For more on this tax code, refer to the nearby sidebar 'Understanding the difference between GST-free and Non-Reportable'.)

UNDERSTANDING THE DIFFERENCE BETWEEN GST-FREE AND NON-REPORTABLE

You've probably noticed an extra code you can't delete or change that sits in your Tax Code list. This code is called N-T and stands for Non-Reportable. (Yes, I know that logically the code should be called N-R, but it isn't! Think of it as 'No Tax' if that helps.)

The distinction between the FRE tax code and the N-T tax code is that, for some businesses, transactions coded FRE are reported on Business Activity Statements, whereas transactions coded N-T are not. Use N-T as the tax code for any transactions you allocate to an asset, liability or equity account — such as tax payments, loans, private drawings or GST accounts.

Also, use N-T as the tax code for all wages and superannuation payments. (Although you do report wages on your Business Activity Statement, they appear separately.)

Reviewing Your Tax Codes

If your business has an annual turnover of less than \$10 million, you can use the Simpler BAS method when completing your BAS. For the purpose of this chapter, unless I specify otherwise, I assume that you're using this method.

With the Simpler BAS method, most businesses only need to report Total Sales, GST on Sales and GST on Purchases, as well as payroll if applicable. A handful of industries may also report other figures (car dealers need to report Luxury Car Tax collected; winemakers report Wine Equalisation Tax; primary producers and manufacturers may claim fuel tax credits).

MYOB provides a default suite of tax codes that accommodate businesses of all sizes, including those with turnover of more than \$10 million that need to submit a full BAS report. To streamline your business and keep your reporting simple and error-free, I recommend you give your Tax Codes list a good once-over, checking that your tax codes are set up as needed for your business.



WARNING

CHANGING OF THE GUARD

Within MYOB Business, the traditional GST Collected and GST Paid account codes (which are still in use in AccountRight) have been replaced by just the one account: GST Balance. This account is the default in new MYOB Business files; however, if you can't get used to the idea of just one GST account, you do have the option to split it back out to the two original accounts if you prefer. Should you wish to return to this earlier account structure, you will need to create two liability account codes (Chapter 2 takes you through setting up your Chart of Accounts), then find the Tax Codes list (under the Accounting menu). Click through to this list and select the GST tax code. Here, you can change your linked accounts for both Tax Collected and Tax Paid to the two new accounts you have created. Repeat this process for any other tax codes where GST is charged.

All this being said, I don't recommend you changing these linked accounts for the sake of change. You should only revert to this earlier account structure if you need to maintain consistency with other MYOB files that have been set up in the past in this way.

Keeping it lean

When you first start your MYOB file, you find that your Tax Codes list comes with codes for all types of businesses and includes everything from WET (Wine Equalisation Tax) to LCT (Luxury Car Tax). Here's how to configure the tax codes you need, and get rid of the ones you don't:

1. Go to Accounting → Tax Codes.

The Tax Codes list page appears with a neat overview of linked accounts and rates for each code.

2. Click GST in the Tax Code column.

The GST — Goods & Services Tax page appears, showing the tax code details for the GST tax code. Review these details and ensure that the Rate (%) for GST is set at 10 per cent and that both linked accounts are set to the GST Balance liability account (as shown in Figure 16-1).



TIP

Check the nearby sidebar 'Changing of the guard' if you prefer to use separate GST Collected and GST Paid accounts.

Tax code details	
Tax code *	GST
Description	Goods & Services Tax
Tax type	Goods & Services Tax
Rate (%)	10
Linked account for tax collected *	2-2600 GST Balance
Linked account for tax paid *	2-2600 GST Balance
Linked contact for tax authority	

FIGURE 16-1: Your run-of-the-mill GST tax code info.

3. Click the green Save button.

You are returned to the Tax Codes list.

4. Click FRE in the Tax Code column.

The FRE — GST Free page appears, showing the tax code details for the FRE tax code. Again, review these details and ensure that the Rate (%) is set at 0 per cent and both linked accounts are set to the GST Balance liability account.

5. Click the green Save button.

Again, you are returned to the Tax Codes list.

6. Repeat steps 4 and 5 for the N-T tax code (Not-Reportable), ensuring that the Rate (%) is also set to 0 per cent.

7. Consider whether your business needs any additional Tax Codes.

After you have checked the setup for these three essential Tax Codes, consider whether your business needs any additional codes as per below:

- To create a tax code for monitoring queries, skip to 'Creating a query code when you don't have a clue'.
- If you report income earned from residential rents on your BAS, skip to 'Dealing with input-taxed sales or purchases'.
- If your turnover is more than \$10 million, you'll need the CAP code for reporting capital acquisitions. This code should have a rate of 10 per cent and be linked to the GST Balance account.
- If your turnover is more than \$10 million (so you're not using Simpler BAS reporting) and you're an exporter, you'll need the EXP code for reporting overseas sales. Skip to 'Exporting goods to foreign lands' for more details.

Regardless of your turnover, if you're a car dealer, you'll need the LCT tax code; if you're a winemaker, you'll need the WET code. See MYOB help for more about these specific situations.

8. Optional: Delete any Tax Codes you don't need.



TIP

If you find you don't require some tax codes for your business, such as codes for Wine Equalisation Tax (WET), Luxury Car Tax (LCT), GST Non-Registered (GNR) or Input Taxed Sales (ITS), simply click the tax code in the Tax Code column of the Tax Codes list and click Delete at the bottom left. You can always recreate the tax code in future if your business diversifies.

Dealing with input-taxed sales or purchases

Do you report residential rental income on your Business Activity Statement, earn income from financial services, or conduct fundraising activities? If so, you may like to use special tax codes to report income and expenses related to these activities. In MYOB, these codes are typically called ITS (Input-Taxed Sale) and INP (Input-Taxed Purchase).

You don't need to use either of these tax codes if your turnover is less than \$10 million and you use the Simpler BAS Method. However, these codes may be helpful to your accountant at tax time: The INP code helps identify any expenses related to input-taxed sales, safeguarding against the (easily made) error of wrongly claiming GST credits on such expenses.

If you'd like to use these tax codes and they don't already exist in your Tax Codes list, set them up in the same way as the FRE tax code (refer to the preceding section for details). The Tax Type should be Goods & Services Tax, the Rate (%) should be 0, and both linked accounts should be GST Balance.

Exporting goods to foreign lands

If your turnover is over \$10 million and you export goods overseas, you will need to use the EXP (GST-Free Exports) tax code for all export sales.

If this code doesn't already exist in your Tax Codes list, go to Accounting → Tax Codes and create a new tax code called EXP. This code is set up exactly the same way as your FRE tax code, with a 0 per cent rate. As the Description, enter GST-Free Exports. Select Goods & Services Tax as the Tax Type and select GST Balance for both linked accounts.

Creating a query code when you don't have a clue

Sometimes you may not be sure whether an expense has GST on it or not. Although it's pretty tempting just to pick any old code and ignore the problem, you're better off using a special query tax code called QUE instead.



TIP

Using this code means you can still record the transaction and continue working on your accounts. Later on, you can generate a report listing all transactions allocated to the QUE code and investigate these transactions further (or ask your accountant or bookkeeper for guidance). Over time, your use of the QUE code will diminish as you become more familiar with the world of GST in your business.

Here's how to create this code:

- 1. Go to Accounting → Tax Codes.**
- 2. Click the Create Tax Code button.**
The Create Tax Code page appears.
- 3. Enter QUE as the tax code and Query to Review in the Description area.**
- 4. Select Goods & Services Tax as the tax type and enter 0 per cent as the Rate (%).**

I suggest you enter 0 as the Rate, because under-claiming GST is better than over-claiming. You can always make an adjustment if this query ends up having GST on it rather than paying it back down the track.

5. Select **GST Balance** as the linked account for **Tax Collected and Tax Paid**.
6. Click **Save**.

Getting rid of excess fat

Figure 16-2 shows an example of a lean, clean list of Tax Codes, with the three core tax codes required for reporting using the Simpler BAS Method, plus the Query Tax Code for the transactions you need to review further (refer to the preceding section).

FIGURE 16-2:
A typical list of tax codes for reporting BAS using the Simpler BAS Method.

Tax codes					
Tax code	Description	Type	Account for tax collected	Account for tax paid	Rate (%)
FRE	GST Free	Goods and Services	2-1250 GST Balance	2-1250 GST Balance	0
GST	Goods & Services Tax	Goods and Services	2-1250 GST Balance	2-1250 GST Balance	10
N-T	Not Reportables	Goods and Services	2-1250 GST Balance	2-1250 GST Balance	0
QUE	Query to Review	Goods and Services	2-1250 GST Balance	2-1250 GST Balance	0

Picking the Right Tax Code

The secret to producing an accurate BAS is to get the tax codes right on every transaction. Fortunately, this is pretty easy when you know how, as I explain in the next few sections.

Guaranteeing perfection, every time

Every account in your Chart of Accounts is linked to a tax code. To see what I mean, go to your Chart of Accounts and click the Expenses tab. Can you see how each account is linked to a different tax code, similar to Figure 16-3? (If every tax code on your Chart of Accounts shows as N-T, this means that nobody has done the noble job of updating the tax codes to the correct linked account yet; either that, or you've selected Not Registered for GST in the initial setup).



REMEMBER

Because every account is linked to a tax code, the correct tax code comes up automatically every time you select an account on a transaction. For example, if the Tax Code for your Advertising Expense account is GST, every time you allocate a transaction to Advertising Expense, GST pops up automatically as the tax code.

The implications for accounting good practice are huge: If you set up the tax code for every account in your Chart of Accounts correctly, right from the start, you're almost guaranteed to code all your transactions perfectly, every time.

Accounts							
		Edit accounts		Edit linked accounts		Import chart of accounts	Create account
All accounts Assets Liabilities Equity Income Cost of sales <u>Expenses</u> Other income Other expenses							
Search							
<input type="text"/>							Reset
<input type="checkbox"/> Show inactive							
<input type="checkbox"/>	Account number	Account name	Account type	Tax code	Linked	Level	Current balance (\$)
<input type="checkbox"/>	Expenses		Expense			Level 1	0.00
<input type="checkbox"/>	6-1110	Accounting & Bookkeeping	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1120	Advertising & Marketing	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1160	Bank Fees	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1190	Cleaning	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1210	Contractor Fees	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1240	Computer & IT Expenses	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1300	Depreciation	Expense	N-T		Level 2	0.00
<input type="checkbox"/>	6-1420	Donations	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1430	Electricity & Gas	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1440	Entertainment	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1450	Filing Fees	Expense	FRE		Level 2	0.00
<input type="checkbox"/>	6-1470	Freight, Courier & Postage	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1540	Insurance Expenses	Expense	GST		Level 2	0.00
<input type="checkbox"/>	6-1550	Insurance	Expense	GST		Level 3	0.00

FIGURE 16-3: Every account has a corresponding tax code listed in the Tax Code column.

Setting up Tax Codes in your Chart of Accounts

As I explain in the preceding section, the secret to coding transactions correctly is to set up the linked Tax Codes in your Chart of Accounts correctly.

To change the tax code for an account, go to your Chart of Accounts, click the account name and simply change the tax code in the Tax Code field.

You can also edit tax codes in bulk to save time: Go to your Chart of Accounts, highlight the accounts where tax codes need changing, and click Edit Tax Code.



TIP

Assuming your turnover is under \$10 million and you use the Simpler BAS reporting method, here's an indication of which tax codes to use when. (You may wish to double-check these settings with your accountant before you begin, or seek advice regarding additional tax codes if your turnover exceeds \$10 million.)

» **Accounts with GST as the tax code:** Use GST as the tax code for most expense accounts, including things such as advertising, commercial rent, electricity, merchant fees, postage, telephone and travel within Australia.

You also use GST as the tax code for all fixed asset accounts, such as furniture and fittings, motor vehicles and tools. You may find the default code is CAP for these fixed asset accounts; if so, do change the tax code to GST.

- » **Accounts with FRE as the Tax code:** Use FRE as the tax code for accounts relating to bank charges (with the exception of merchant fees), donations, government charges, interest expense, international travel, medical supplies, rates and Australian Securities and Investments Commission (ASIC) fees.
- » **Accounts with N-T as the Tax code:** Use N-T as the tax code for all asset and liability accounts (with the exception of fixed asset accounts), private drawings accounts, depreciation expense, superannuation and wages.
- » **Accounts with QUE as the Tax code — the query code:** Initially at least, use QUE as the tax code for all hire purchase expense accounts and lease payments. Then, ensure you double-check the correct GST treatment with your accountant or supplier.

Keeping everything squeaky-clean

Can you tell I like things in order, all nice and tidy? I mention earlier in this chapter that the secret to producing accurate BAS reporting is to select the right tax codes for all transactions. I'm going to take this a step further now and talk about the most common coding mistakes.

And guess what? Because they're so common, these are the mistakes the ATO will be watching out for in any audit:

- » **Bank fees and merchant fees:** Bank fees are almost always GST-free, but merchant fees (such as for credit cards and hire of EFTPOS machines) attract GST.
- » **Entertainment:** Watch out for expenses relating to drinks or dinners with clients, even though the receipts will have GST listed. These types of expenses may be non-deductible for income tax purposes (those claims for 1980s-style Friday long lunches are long gone), and GST may not be claimable. To avoid errors, check entertainment expenses with your accountant using the Query to Review (QUE) tax code.
- » **Government charges:** Council rates, filing fees, land tax and parts of licence renewals are all GST-free. So don't be tempted to claim back 10 per cent!
- » **Insurance:** Insurance is tricky because almost every insurance policy has a mixture of taxable and GST-free items (for example, stamp duty doesn't have GST on it). Don't get caught out. Instead, double-check the exact amount of GST on your insurance tax invoices.
- » **Travel:** Overseas travel and all expenses while overseas are GST-free. However, be careful with online bookings as even if you are booking to travel within Australia, you may be booking the trip through a company that is based



WARNING



overseas. In such cases, the booking may be GST-free, so check any domestic travel tax invoices carefully to ensure they show the GST amount (if applicable).

- » **Personal stuff:** You can't claim the full amount of GST on expenses that are partly personal — motor vehicle, telephone and home office expenses are all obvious culprits.
- » **Petty cash:** Another trap for the unwary, petty cash is usually a mixed bag. Coffee and tea are GST-free; biscuits and cake are not.
- » **Small suppliers:** Watch out for small suppliers who have an ABN but aren't registered for GST. Record these purchases as GST-free.

Table 16-1 also provides a quick reference guide to selecting the right tax code.

TABLE 16-1 What Tax Code to Pick When (Simpler BAS Method Only)

Situation	Examples	Tax Code
Sales where you charge GST	Regular sales of most items	GST
Sales that are GST-free	Sales of childcare, medical supplies or unprocessed foods	FRE
Non-reportable transactions	Transfers between bank accounts, loan repayments, personal drawings, superannuation	N-T
Purchases of GST-free items	Purchases of unprocessed foods, bank charges, some medical items, or purchases from a supplier who isn't registered for GST	FRE
Purchase of taxable items	Most purchases and business expenses	GST
Purchases from suppliers who have an ABN but are not registered for GST	Subcontractors often sit here, with many starting out not being registered for GST	FRE

Handling transactions when GST isn't 10 per cent

Okay, let me get one thing straight. GST is (at least at the time of writing), and always has been, set at 10 per cent. However, sometimes you come across a transaction that seems like the GST isn't 10 per cent. Then, when you look closer, you find that the transaction is actually a combination of taxable items (which, of course, are 10 per cent) and non-taxable items (which are 0 per cent).

Here's a common example. You get an insurance bill for \$550 and you enter the payment. MYOB calculates the GST to be \$50 but when you look at the bill, you notice that GST is actually \$49.09. That's because the bill includes \$10 stamp duty amount and stamp duty is GST-free.

Tempting as it is to assume this small difference is of little consequence, these small differences do add up.

The solution to this kind of situation is to create two lines for the transaction: One line showing the value of taxable supplies (with GST as the tax code), and the second line showing the non-taxable supplies (with FRE as the tax code). With the insurance example (assuming you've ticked the Tax Inclusive button), that means you allocate \$540 to Insurance Expense with GST as the tax code, and then allocate \$10 to Insurance Expense but with FRE as the tax code. Figure 16-4 shows how it all works.

The screenshot shows the 'Create bill' interface in MYOB. It includes fields for Supplier (Sunny Insurance), Bill number (01256251), Supplier invoice number (698522), Issue date (30/07), and Due date (30/08). The 'Amounts are' section has 'Tax inclusive' selected. Below is a table with two line items:

Description	Account *	Amount (\$) *	Job	Tax code *
Business Insurance	6-2600 Insurance	540.00		GST
Business Insurance - stamp duty	6-2600 Insurance	10.00		FRE

At the bottom right, a summary shows: Subtotal \$550.00, Freight (\$0.00), Tax \$49.09, Total \$550.00, Amount paid (\$0.00), and Balance due \$550.00. Buttons for 'View PDF', 'Save as recurring', 'Prefill from recurring', 'Cancel', 'Save and...', and 'Save' are visible at the bottom.

FIGURE 16-4: Recording a payment when GST doesn't equal 10 per cent.

If you're allocating a transaction straight from your bank feeds including both taxable and non-taxable supplies, simply click the drop-down arrow to the far right of the transaction line and go to the Allocate tab. Add the two line items here (with GST as the tax code where GST applies, and FRE as the tax code where GST is not applicable).



TIP

Sometimes, a tax invoice may not make it clear which amounts attract GST and which do not. The easy way to calculate the GST-inclusive total is to simply multiply the GST amount by 11, which will give you the grossed-up total for your first line item. So, going back to Figure 16-4, if all I could see on the invoice was a GST amount of \$49.09, I would multiply 49.09 by 11 to get a total GST-inclusive amount of \$540. The balance would be the correct amount for the second line item (with the tax code of FRE).

Assessing what's personal

If your business purchases goods or services that you use partly for private purposes, be careful not to overclaim the GST on the private component. For example, if you run your motor vehicle as a business expense but your logbook shows that 20 per cent of use is actually personal, then you should only claim 80 per cent of the GST when you record the transaction.

For example, imagine you have motor vehicle repairs on your new Mercedes sports car (lucky you!) that cost \$1,000, and your personal use of this vehicle is 20 per cent. To record this transaction, you allocate \$800 to Motor Vehicle Maintenance on the first line, with GST as the tax code, and then you allocate the balance of \$200 to Owner's Drawings or a Director's Loan account on the second line, with N-T as the tax code (not FRE, as this portion is not business-related). Yep, simple as that!

Checking You're Ready to Do the Deed

Before jumping in head-first and producing your BAS report for the ATO, take a few moments to check the figures behind the scenes are as perfect as can be.



TIP

Chapter 20 pulls together all the jigsaw pieces of the BAS preparation process dotted throughout this book if you're looking for a reminder of all the essentials.

Auditing your own accounts

Want to give yourself an audit? Sounds kinda scary, but trawling through your own accounts to make some essential double-checks can help you sleep better at night.



TIP

I highly recommend you check your data using the Exceptions Dashboard (called the Company Data Auditor if you're an AccountRight user) to identify possible problems. I devote most of Chapter 18 to using this feature, the last stage of which includes an in-depth review of all your tax codings. You can also refer to the reports I cover in the upcoming section 'Reviewing your final reports'.

Checking your opening balances

Unless you're only just setting up your business, chances are that on the day you start entering transactions in MYOB, you already owe some GST to the ATO. For example, if you start entering transactions from 1 July, you almost certainly owe GST for the month of June, if not April, May and June (depending on whether you report monthly or quarterly).

Here's how to calculate your opening balance for GST:

- 1. Look up how much GST you collected from customers in the period before your conversion date.**

You find this figure next to box 1A in your June Business Activity Statement. (I assume here that you're starting to use MYOB from 1 July.)

- 2. Look up how much GST you paid to suppliers in the previous period.**

You find this figure next to box 1B in your June Business Activity Statement.

- 3. Subtract the amount from Step 2 from the amount in Step 1.**

For example, if the amount in 1A was \$5,000 and the amount in 1B was \$3,500, the difference is \$1,500.

- 4. Edit the opening balance of GST Balance so that it matches the amount from Step 3.**

To edit this opening balance, go to your Chart of Accounts, click Edit Accounts and scroll down to the liabilities. Edit the Opening Balance column and click Save.



TECHNICAL
STUFF

- 5. If you report for GST on a cash basis and you were owed money from customers on your conversion date, add the value of GST on these outstanding debts to the opening balance of your GST Balance account.**

For example, if you are owed \$11,000 from customers and GST makes up \$1,000 of this amount, add \$1,000 to your opening balance for GST Balance.

- 6. If you owed money to suppliers and you report on a cash basis, subtract the value of GST on your outstanding accounts to the opening balance of your GST Balance account.**

That's it! If you need help with this process, I suggest you ask your accountant or bookkeeper. Alternatively, Chapter 18 provides more detail on reconciling GST balances.

Reviewing your final reports

Before generating your GST reports and completing your BAS form ready to send to the ATO, remember to reconcile your bank accounts up to the last day of the period you're reporting for (turn to Chapter 9 if you need a reconciling refresher).

With your bank accounts reconciled, here are the reports I suggest you generate before completing your BAS, along with why they're important:

- » **General Ledger report:** I like to customise this report to include both Gross and Tax amounts so I can review my account allocations and GST amounts in the one report. I provide more details about how to customise this report in Chapter 20.
- » **GST report:** If you customise your General Ledger report in the way I suggest, you may not need to check this report. However, this report is handy for reviewing transaction details behind any tax code total. Ensure the Accounting Method is set correctly (Cash or Accrual, depending on your GST reporting basis) and click Expand All to view detailed transactions.
- » **Profit and Loss report:** Most business owners have a good sense of what their Profit and Loss report should be, and checking this report helps to highlight bookkeeping errors. I explain more about how to check your Profit and Loss in Chapter 17.
- » **Balance Sheet report:** Your Balance Sheet is the litmus test for determining whether your payroll and GST liability accounts reconcile. Chapter 12 has more detail about reconciling payroll liability accounts; Chapter 18 explains how to reconcile GST.
- » **Payroll Register report:** Use this report to double-check W1 (total wages) and W2 (total PAYG tax) on your BAS.

Once you have reviewed all of the reports in the preceding list, you can generate the *GST Return report*, which looks a little more like your BAS form (it includes the BAS labels G1, 1A, W1 and so on). You can use the figures in your GST Return report to complete your BAS.



TIP

You may like to make a report pack containing all of the above reports so that you can work through them easily at BAS time. For more on report packs, turn to Chapter 15.



TIP

CASH OR ACCRUAL — WHAT'S THE DIFFERENCE?

When a business registers for GST, it has to choose whether to account for GST on an accrual basis or a cash basis. What's the difference between the two?

- **Accrual-basis reporting:** *Accrual-basis* reporting means you report and pay for GST in the same period that you invoice customers or receive bills from suppliers, regardless of whether any money has exchanged hands. For example, if you invoice a customer in March and they don't pay until July, you have to pay the GST in your BAS for March regardless. Similarly, if you receive a bill from a supplier in March but don't pay this bill till much later, you can still claim the GST back in your BAS for March.
- **Cash-basis reporting:** *Cash-basis reporting* means you don't need to pay GST on a customer invoice until the customer pays you; conversely, you can only claim back GST on a supplier bill once the bill has been paid.

Consider the timing of money coming in and out of the business — for example a café, where all customers pay upfront but the business buys goods on account. This means the business claims the GST back before it pays suppliers for the goods, so accrual-basis reporting for GST works best for cashflow in this scenario. Alternatively, if you have both customers and suppliers on trading accounts, then cash-basis reporting for GST works best as you only pay GST when you have actually received the money or paid it out. (Note that cash-basis reporting for GST is only possible for businesses with an annual turnover of less than \$10 million.)

Regardless of how you choose to report for GST, generating your Profit and Loss and other key financial reports using Accrual as the Accounting Method usually makes more sense from a business management perspective. (For almost all businesses, it makes most sense to see sales reflected in financial reports as soon as they're made, and to see expenses reflected as soon as they are incurred.)

Completing Your Business Activity Statement

Now you've reviewed all your reports (refer to the earlier section 'Reviewing your final reports'), you are ready to complete your BAS. The following sections take you through creating and adjusting a BAS report.

Creating your BAS report

Ready to create your first BAS report? Here goes:

1. Go to Reporting → BAS.

The Prior BAS Report page appears, displaying any prior BAS reports you have generated, including the Date Finalised for each report. If this is the first time you're creating a BAS report, this page will be blank.

2. Click Create New.

The Step 1 — Setup page appears.

3. Select your BAS period.

If you're creating your first ever BAS report, I strongly suggest you select the first month or quarter of the current financial year as your BAS period.

After you complete your first BAS report, you can't go back and select an earlier period, nor can you delete this report and start again. For example, if you select October to December 2024 as the period for your first BAS report, you can't return later and try to generate a report for July to September 2024.



WARNING

4. Check your Accounting Method (Cash or Accrual) is correct.

Your Accounting Method is pre-set based on your Report Settings (if you want to double-check, your Accounting Method can be found on your actual BAS form from the ATO).

5. Click Next, and check the GST figures that appear.

The Step 2 — GST Report page appears.

Have a quick skim through these figures and check they make sense. (Hopefully, you've already reviewed your GST transaction reports as part of preparing to lodge your BAS. If not, refer to the earlier section 'Reviewing your final reports', as well as Chapter 20, for more on preparing to lodge your BAS.)

6. Click Next, and review any GST adjustments.

The Step 3 — Prior Period Adjustments page appears, listing any transactions from prior periods that have been added, edited or deleted since you finalised the BAS report relating to that period.

If an adjustment relates to a transaction where you've edited a tax code — perhaps you spotted a mistake and fixed it — then this edit is almost certainly okay, and fine to include as an adjustment. However, if the adjustment relates to a new transaction that has a date belonging to the prior period, I recommend you take a moment to check this transaction is dated correctly. (If the date is correct, that's fine; if not, identify the transaction, edit the date, and then return to the BAS report and generate the report from scratch again.)

Figure 16-5 shows an example of some of the transactions you may see listed.

BAS period : 01 Apr 20 - 30 Jun 20

Setup ✓ GST report ✓ **3** Prior period adjustments Finalise 4

Accounting method: ⊙ Last finalised: 06 May 20
 Cash 06 May 20 Tax codes **All selected** Reset

Prior period adjustments from 01 Jul 20 Export

This shows the adjusted GST amounts from transactions that were added, edited or deleted since your last report. You can add these prior period adjustments to your BAS or take them out.
[Learn more about prior period adjustments.](#)

Sales and income

Adjustment date	Adjustment type	Account No.	Account name	Transaction date	ID No.	Code	Tax inclusive(\$)	Tax exclusive(\$)	Tax collected(\$)
13/07/20	Added	4-1200	Fee income	16/02/20	442	GST	(1,234.00)	(1,121.82)	(112.18)
Total sales and income adjustments							(1,234.00)	(1,121.82)	(112.18)

Purchases and expenses

Adjustment date	Adjustment type	Account No.	Account name	Transaction date	ID No.	Code	Tax inclusive(\$)	Tax exclusive(\$)	Tax paid(\$)
04/06/20	Edited	6-3600	Office supplies	31/03/20	GI000012	GST	(2,104.99)	(1,913.63)	(191.36)
04/06/20	Edited	1-2400	Office equipm...	31/03/20	GI000012	CAP	2,104.99	1,913.63	191.36
11/06/20	Edited	6-5600	Telephone	13/07/20	173	GST	(977.00)	(888.18)	(88.82)
11/06/20	Edited	6-3600	Office supplies	13/07/20	173	GST	977.00	888.18	88.82
Total purchases and expenses adjustments							0.00	0.00	0.00
Net total							(1,234.00)	(1,121.82)	(112.18)

Cancel Next

FIGURE 16-5: The Prior Period Adjustments page picks up prior period adjustments for your attention.

7. Click Yes to include all adjustments (or No to remove them).

Unfortunately, if you have more than one adjustment, MYOB doesn't allow you to pick and choose which adjustment you include — you either include all adjustments, or none. However, don't stress too much. If you've checked that the adjustments are legitimate, the right thing to do is to include them in your current BAS. (If you like, you can even click Export to send a record of these adjustments to Excel, and add notes to the Excel file to explain why the changes occurred.)



TIP

The only time I suggest you don't click Yes is for adjustments over \$5,000, or for adjustments that relate to GST credits from over four years ago. In such situations, seek advice from your accountant first.

8. Click Next.

The Step 4 — Finalise page appears.

The first tab (GST Return Summary) displays the figures you need to include on your BAS form for lodgement. These figures are the combination of your original GST report from Step 2 with all the adjustments from Step 3 added (as a reminder, you can view the information from each of these steps via the GST Report and Prior Period Adjustments tabs). If you like, you can click Export to save a copy of the information from each of these three tabs for your records.



WARNING

At the time of writing, if you prepare and lodge your BAS within your MYOB file (turn to the later section 'Lodging Your BAS Direct from MYOB' for more on this), you need to manually adjust the prefilled figures to allow for these adjustments before you lodge your BAS. Hopefully MYOB will be updated soon so that it makes these adjustments for you when you lodge your BAS (after you click Finalise BAS to capture these adjustments).

9. If it all looks good, click Finalise BAS.

By clicking Finalise BAS you are agreeing that these adjustments and your current GST reports are true. At the same time, you are stamping the Date Finalised in your BAS reporting, and it is from this date that any future changes for this period will begin to be tracked.



TIP

This is now the ideal time to go and lock your data (under your Business Settings) to the last day of the reporting period you have just completed (for example, if you have completed your BAS report for the quarter ending 30 June, the lock date will also be 30 June).

Amending a BAS report

If at any time you navigate away from the process of creating a BAS report, MYOB will remember your progress and invite you to click Edit Existing (so you can return to the report that you were partway through) or to click Create New (so you can start your BAS report from scratch). If, however, you click Cancel through any of the steps, you will need to start again.

You can always come back to the BAS page (Reporting → BAS) to view or print the detail from any completed BAS reports. Simply click on the period you want to review and MYOB will take you to the three summary reports generated in Step 4 (Finalise) of creating your BAS report.



WARNING

You can't amend a BAS report after it has been finalised, so allow plenty of time and check your reports extra carefully when preparing your first few reports.

Lodging Your BAS Direct from MYOB

Did you know you can lodge your BAS directly from your MYOB file? I love working in this way, because with a few clicks of the mouse, I have not only lodged my BAS, but I can also be confident that the figures I've lodged with the ATO match those in my MYOB file.

Of course, lodging your BAS in this way isn't compulsory. If you prefer, you can still log into the ATO portal or myGov and enter BAS figures manually, or you can ask your accountant or bookkeeper to lodge your BAS on your behalf. Your accountant or bookkeeper can also be of great value to help check your BAS field setup in MYOB if you do plan to lodge your BAS yourself using MYOB.

In this next section, I explain how to prepare for electronic lodgement (notifying the ATO of your 'software ID'), how to configure your activity statement fields, and how to finally lodge your activity statement.

Notifying the ATO of your software ID

In order to lodge your BAS direct from MYOB, you must first notify the ATO of your unique software ID (your *software ID* is a code that enables the ATO to match the data you send from MYOB to your tax account). This can be a bit of a painful process, but in good news, you only have to do it once.

Here's what to do:

- 1. Go to Business Settings and check your ABN is correct.**

Select Business Settings and under the Business Details check your ABN is correct.

- 2. Go to Accounting → Prepare BAS or IAS.**

You should see File with MYOB, and Create BAS Report. (If you see the Online Activity Statement Dashboard, that means someone has already connected your file to the ATO and you can happily skip this section!)

- 3. Click the Get Started button under File with MYOB.**

This opens a new MYOB browser tab.

- 4. Click Allow Access to allow access to your MYOB Account.**

Here, you allow your MYOB file to connect with the MYOB tax gateway to bring in all the prefillable data for your BAS directly from the ATO.



TIP

Allowing your MYOB file to connect to the MYOB tax gateway is a one-time event. If you log into many different MYOB files using the same email, allowing access in one business file means MYOB will not ask for access again as the permission to connect in this way is linked to your email login.

5. Click Get Started again.

A pop-up window appears, asking whether you are lodging your BAS as an agent or a business. (Although MYOB offers this option, most agents don't choose to lodge activity statements directly from their clients' files.)

6. Select that you're preparing this BAS for your own business and enter your name.

7. Click Next.

8. Write down your unique Software ID.

At this point, I suggest you grab an old-fashioned pen and paper and actually write the number down!

9. Click Next.

10. If you have a myGov account, follow the instructions that MYOB displays onscreen; if you don't have a myGov account, skip to Step 9.

MYOB displays instructions for navigating the ATO Access Manager portal, where you go through a process of 'notifying the ATO of your hosted service'.

11. If you don't have a myGov account, call the ATO on the phone number MYOB suggests and follow the prompts.

Again, the aim of the game is to notify the ATO of your Software ID so that you can lodge activity statements direct from MYOB. The ATO will want to identify the caller, so ensure you have your ABN ready and some of your personal details (such as your TFN if you are the business owner).

12. Click I've Done This after you have notified the ATO.

13. Continue, when prompted, to configure your activity statement.

Guess what? That's what the next section is all about.

Configuring activity statement fields

In this section, I assume your turnover is less than \$10 million and you have elected to lodge a Simpler BAS. (If your turnover exceeds \$10 million, do seek advice from your accountant when configuring these fields, but more than likely you are not lodging your own BAS at this level.)

Once you've notified the ATO of your software ID, you'll arrive at the Online Activity Statement Dashboard, where you configure key fields in your activity statement so that they populate automatically:



REMEMBER

- » **Add every tax code to G1:** Click Add Code to add every single tax code that you might use on a sale to the G1 activity statement field. For most businesses, this will be just GST and FRE; however, if you use other tax codes such as ITS or EXP, add these also.
- » **Add every wages pay item to W1:** Click Add Code or Category to add every wages pay item that you pay to employees (in other words, this will include all the pay items that you use in your payroll). You also want to add in any deduction categories (such as Salary Sacrifice and Child Support deductions) here so that the correct figure is reported through W1.
- » **Add all tax items to W2:** This is usually just PAYG Withholding.
- » **Add other amounts withheld to W3:** You can probably skip this field, unless your accountant informs you otherwise.
- » **Add the ABN tax code, if you use it, to W4:** A rare beastie indeed (if applicable), you find the relevant tax code within your GST Report for suppliers not quoting an ABN.



REMEMBER

Looking for 1A (GST Collected) and 1B (GST Paid)? These fields are not required as MYOB takes care of those for you (the figures are derived from an automatic calculation based on the GST tax code).

Note that you can't configure every field on a Business Activity Statement to calculate automatically. At the time of writing, fields such as Fringe Benefits Tax (FBT), Fuel Tax Credits and PAYG Instalments cannot be linked, and you will need to enter the figures manually when you prepare your BAS.

Figure 16-6 shows an example of how the setup may look when using the Simpler BAS Method.



WARNING

Salary sacrifice superannuation amounts (if applicable) in MYOB form part of the Total Salary and Wages amount in your payroll reports and the wages pay items you add to W1 (but salary sacrifice super amounts are also shown as deductions — if you see any deductions, expand the report to confirm the details of the deduction). Salary sacrifice super amounts should be subtracted and not reported as part of section W1 on your BAS form, which is why you should add the deductions to the W1 categories (as suggested earlier in this section) so that the deduction amount is subtracted from the total reported at W1. If you are lodging BAS through another platform (like myGov), you will need to manually account for this deduction (and others required) and subtract it from the total when entering the amount at W1.

FIGURE 16-6:
Configuring
activity statement
fields from the
Online Activity
Statement
Dashboard.

Activity statement field	Tax code
G1 Total sales (including any GST)	GST FRE ITS + Add code

Activity statement field	Tax code, payroll category
W1 Total salary, wages and other payments	Annual Leave Pay Base Hourly Base Salary + Add code or category
W2 Amount withheld from payments at W1	PAYG Withholding + Add code or category
W3 Other amounts withheld (excluding any amount shown at W2 or W4)	+ Add code
W4 Amount withheld where no ABN quoted	ABN + Add code

Lodging your BAS at long last

The moment has arrived! You are now super confident your BAS is good to go, so you are on the home stretch (good for you!).

If you do want to be extra certain (especially the first time), turn to Chapter 20 for a ten-step checklist for preparing your BAS. With final checks complete, here are the final steps to lodge your BAS from MYOB:

1. **Go to Accounting → Prepare BAS or IAS.**
2. **Click Get Started under File with MYOB.**
3. **On the Activity Statement page, click on the Date of the statement you want to lodge.**

The form appears. (MYOB will have retrieved the required details from the ATO to populate the form.)

4. **Check the prefilled field values are as you expect, comparing against your GST Return and Payroll Activity reports.**

If you identify any discrepancies, it may be that your activity statement fields have not been configured correctly. (Refer to the preceding section for more on configuring these fields.)

If you have prior period adjustments, continue to Step 5; if you don't have any discrepancies, skip to Step 6.

5. Edit any fields that require manual adjustments due to changes made in BAS report prior periods.

I talk about this earlier (see 'Creating your BAS report') and explain how to export a report summarising any required adjustments plus your newly adjusted GST return summary, from which to get your new figures from that should align with your BAS lodgement here.

6. Review other fields, and enter other figures manually.

Your PAYG Instalment field will be prefilled on your BAS form with figures directly from the ATO, so ensure you review this field. You also have the option to Vary the PAYG Instalment amount if needed (do check with your accountant here before doing so). You may also have to complete other fields, such as Fringe Benefits Tax or Fuel Tax Credit info, depending on your BAS requirements.

7. Click Validate.

MYOB checks that all mandatory fields have been completed before you lodge your BAS.



WARNING

This validating check does not ensure your figures are correct; instead, it ensures that the ATO will accept the form once lodged.

8. Click Prepare to Lodge.

9. Click Lodge, review the declaration and click Lodge again.

A notice from the ATO appears advising you that your form has been lodged. You can print this statement for your records and refer back to it later when payment is due, as the payment details are also captured here for you.

10. Click Download to save a copy for your records.



TIP

I suggest you save a copy of your lodged BAS into a BAS report pack (I explain report packs in Chapter 15) so you keep all your BAS information together in a tidy bundle that you can always find and access. If you have prior period adjustments (from your BAS report), remember to include all related reports in your report pack as well to further substantiate your lodgement figures.

Recording your Payment or Refund

After you've paid your BAS or IAS, you need to record your payment or refund. Assuming you use bank feeds, the easiest method is to set up an allocation template to auto-split the allocation across the relevant accounts:

- 1. Go to Banking → Bank Transactions.**
- 2. Locate the BAS payment or refund and click the drop-down arrow to the far right to expand the transaction.**

For a reminder on how to find transactions, turn to Chapter 6.

- 3. Click Create Rule.**
- 4. For BAS payments, select Spend Money Transaction; for BAS refunds, select Receive Money Transaction.**

A Create Rule pop-up window appears.

- 5. Give the Rule (template) a Rule Name, such as BAS.**

- 6. Change the Rule Type to Allocation Template.**

As soon as you change to this Rule Type, your rule conditions disappear.

- 7. Create the Allocation Template by adding accounts to the Allocate By section.**

Add the GST Balance account (or GST Collected and GST Paid accounts). If you have payroll, also add the PAYG Withholding Payable account. You can also add other accounts as required, such as PAYG Instalment Tax or Fuel Tax Rebate accounts if these payments form part of your regular BAS.

- 8. Set your Job and Tax Codes as needed.**

You are not likely to need a Job code in this instance, unless you track your BAS payments.

- 9. Click Save.**

To use the BAS allocation template to record BAS payments or refunds:

- 1. When a BAS payment or refund appears in your bank transactions, expand the transaction by clicking the drop-down arrow to the far right.**

The transaction expands.

2. Select the **Allocate** tab, if this is not the default tab.
3. Click the **Apply Allocation Template** drop-down arrow and select the **BAS** template.

The account codes prefill (saving you time finding the correct ones), so you just need to enter the correct split amounts to make up the payment.

Figure 16-7 shows an example allocation.

4. Check the figures balance and the **Unallocated amount is \$0.00**, then click **Save**.

FIGURE 16-7:
Using an allocation template to record a BAS payment.

The screenshot shows a software interface for recording a BAS payment. At the top, it displays the date '24/05/20', 'Bank acco', 'ATO BAS March', and a total amount of '7,972.00'. The 'Split across accounts' tab is active, with sub-tabs for 'Match transaction', 'Allocate', and 'Transfer money'. Below these are fields for 'Contact (payee)', 'Description of transaction', and 'Apply allocation template' (set to 'BAS Payable').

Account *	Amount (\$) *	Amount (%) *	Quantity	Line description	Job	Tax code *	Tax (\$)
2-2300 GST Balance	4,358.00	54.67				N-T	0.00
2-2600 PAYG Withholdings Payable	1,314.00	16.48				N-T	0.00
2-2500 PAYG Instalment Tax	2,300.00	28.65				N-T	0.00

Summary statistics at the bottom right:

- Total allocated: \$7,972.00 (100.00%)
- Unallocated: \$0.00 (0.00%)

At the bottom of the interface, there are buttons for 'Unmatch', 'Create rule', 'Cancel', and 'Save'.

IN THIS CHAPTER

- » Analysing how profitable you are, day by day and month by month
- » Bringing together reports from different files
- » Managing your finances with budgets and cashflows
- » Tracking jobs to find out how profitable they are

Chapter **17**

Understanding Your Business

Before accounting software gave people the ability to analyse information with such ease, many businesses led a precarious existence where optimism and intuition played a bigger part than the analysis of facts and figures. To some extent this still happens, especially in smaller businesses.

Without information at their fingertips, many businesses operate in the dark. For example, a builder knows that only some jobs make money, but they're not sure which ones; a baker suspects that one of the branches is profitable, while the other isn't; and a salon owner wonders whether the expenses from the beauty services they provide eat into the profits made through hairdressing.

What if you could switch the light on? If the builder knew for certain which jobs brought in the money, they'd probably be more selective with their clients; if the baker could see just how much the second shop was losing, they'd likely close it down (or try a new location); and if the salon owner could really analyse the beautician figures, they'd make some big changes.

MYOB gives you all these insights at your fingertips, with the ability to cast as much light on any situation as you could wish for. MYOB is like a giant report card

(yep, back to my teaching days!) that helps you check if what you think you know is in fact real, giving you the information you need to take action.

In this chapter, I explain how you can use MYOB to analyse where you make money, and where you don't.

Generating Financial Statements

I'm always amazed at the number of clients who work on their books for hours every week without taking the time to generate financial reports. It's a bit like being a wedding planner but never attending the main event.

In this section, I explain how to generate Profit and Loss reports and Balance Sheet reports using MYOB. I don't have the space in this book to explain how to interpret and understand these reports, but if you do want to explore this topic in more detail, I suggest you get hold of a copy of *Bookkeeping For Dummies*, 3rd Australian Edition, by Veechi Curtis. A conversation with your trusted accountant or bookkeeper may also be useful.

Before you start running reports, ensure all data entry is up to date for the period that you're reporting for, as you can't generate meaningful reports if any important information is missing. In the ideal world, take the time to reconcile your bank accounts as well. (Chapter 9 gets you up to speed with reconciling if you need a reminder.)

Exploring your Profit and Loss report

The most essential reference for any business is the *Profit and Loss* report, a financial statement that 'tells the story' of a business, summarising income, costs and expenses for a specified period of time.



REMEMBER

A Profit and Loss report is split into five sections:

- » **Income:** At the top of the Profit and Loss report is your income, grouped by individual income accounts.
- » **Cost of sales:** Hot on the heels of income is your *cost of sales* (the direct costs related to earning your income, such as the cost of materials). If you run a service business, your cost of sales may be zero.
- » **Gross profit:** *Gross profit* is the difference between your income and the cost of sales. This figure can provide valuable insights: For example, do the items

you sell give you enough margin to make a profit? Are your costs too high or are you selling products too cheaply?

- » **Expenses:** These are the overheads (also known as fixed expenses) of running your business.
- » **Net profit:** Deduct your expenses from your gross profit to get your *net profit* (that is, how much money you've made).

In the following sections, I show you how to view and customise your Profit and Loss report.

Tracking profitability from your Dashboard

You can quickly view your profitability every day from your Dashboard. In the Financial Position section, a simple graphic shows how your profit is tracking as the months go by. As shown in Figure 17-1, you can see the following information at a glance:

- » Total income and expenses, month by month — click the dots to see more detailed figures.
- » Cumulative income, expenses and profit, as a line graph.

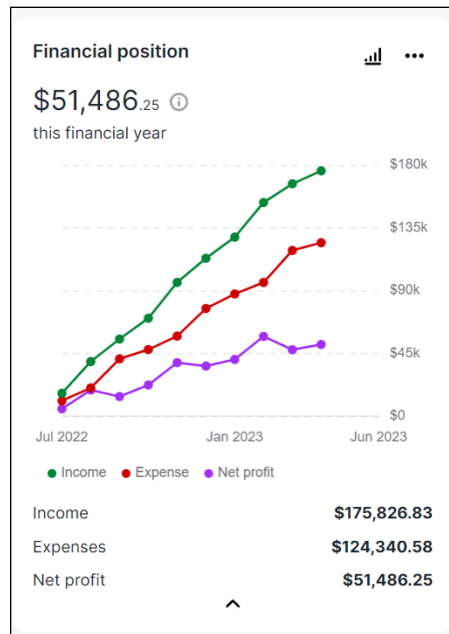


FIGURE 17-1: An at-a-glance view of your profitability on your Dashboard.

You can click the three dots in the top right of the Financial Position section to customise the reporting period (this month, the last three months, this financial year or last financial year) or you can click the bar chart icon to view the full detail of your Profit and Loss report.

Viewing your Profit and Loss report

While the Dashboard provides a useful snapshot, most people prefer to work with a more detailed Profit and Loss report. To view this report, go to Reporting → Reports and find your Profit and Loss report on the Business tab.

You can customise this report in many different ways. I suggest you display your Profit and Loss report for the last few months and then experiment with the following:

- » **Adjust your reporting period:** Customise the Date Range, Date From or Date To fields to view your Profit and Loss report for any period of time.
- » **Tinker with your Breakdown periods:** Experiment with Breakdown periods in your Profit and Loss report to analyse financial results by month, quarter or year. For example, if you select the last 18 months as the reporting period, and then select Quarterly as the Breakdown, MYOB displays six columns (one column for each of the previous six quarters). Or, if you select the last three years as the reporting period and Yearly as the Breakdown, MYOB displays three columns, one for each year.
- » **Toggle your Accounting Method:** Change the Accounting Method from Accrual to Cash to display the income you've actually received in your bank account (as opposed to invoices you've raised), and the expenses you've actually paid for (as opposed to purchases you've entered). Viewing your Profit and Loss report on a cash basis can help give insights as to why your cashflow situation may be quite different from your actual profitability. (Toggling the display of this report doesn't influence your GST report settings, where the choice between Accrual and Cash reporting isn't something you should change from one month to the next.)
- » **Make a comparison:** The Compare To section of your Profit and Loss report gives you a few options for comparison, including Year To Date, Last Year, % Sale Analysis and Budget. For example, if you select Last Year, you can see how the selected date range for the current year compares with the same period for the previous year. The report defaults to include both dollar and percentage variance columns, but you can click the Report Options button to hide this information.



TIP

» **Display data in a more summarised form:** Click the Report Options button and select Level 1, Level 2, Level 3 or Level 4 to view your Profit and Loss report at different levels of detail. (You may find there isn't much different between Levels 3 and 4 if you don't use many parent header accounts.)

Figure 17-2 shows a Profit and Loss report with just one customisation scenario. The date range is for three months, the Breakdown is monthly, and last year's figures (along with variance analysis) are included as a comparison. The dollar variance column has been hidden. This example demonstrates just how versatile the Profit and Loss report in MYOB Business is, and how you can almost always adapt the format to provide the information you need.

FIGURE 17-2:
A customised Profit and Loss report displaying monthly breakdowns with comparison to the prior year.

Profit and loss report									
Date range	Date from	Date to	Breakdown	Accounting method	Compare to				
Custom	01/07/20	30/09/20	Monthly	Cash <input type="radio"/> Accrual <input checked="" type="radio"/>	Year to date <input type="checkbox"/> Last year <input checked="" type="checkbox"/> % Sale analysis <input type="checkbox"/> Budget <input type="checkbox"/>	Report options <input type="button" value="Reset"/>			
1 July 20 to 30 September 20 <input type="button" value="Refresh"/>									
	Jul			Aug			Sep		
	Actual	Last year	Variance \$	Actual	Last year	Variance \$	Actual	Last year	Variance \$
Income									
4-1000 Sales Income	\$30,578.18	\$11,203.63	\$19,374.55 ↑	\$31,728.18	\$14,934.54	\$16,793.64 ↑	\$49,925.00	\$45,662.73	\$4,262.27 ↑
4-1500 Service Income	\$20,240.91	\$5,695.45	\$14,545.46 ↑	\$10,909.09	\$5,695.45	\$5,213.64 ↑	\$12,727.27	\$5,695.45	\$7,031.82 ↑
4-2000 Catering Income	\$0.00	\$0.00	\$0.00	\$4,999.99	\$0.00	\$4,999.99 ↑	\$1,818.18	\$0.00	\$1,818.18 ↑
4-4000 Events Income	\$2,186.37	\$0.00	\$2,186.37 ↑	\$2,498.19	\$0.00	\$2,498.19 ↑	\$2,171.37	\$0.00	\$2,171.37 ↑
Total Income	\$53,005.46	\$16,899.08	\$36,106.38 ↑	\$50,135.45	\$20,629.99	\$29,505.46 ↑	\$66,641.82	\$51,358.18	\$15,283.64 ↑
Cost Of Sales									
5-1000 Food Purchases	\$22,800.00	\$2,433.59	\$20,366.41 ↑	\$22,072.73	\$2,637.13	\$19,435.60 ↑	\$37,072.73	\$3,593.64	\$33,479.09 ↑
5-2000 Packaging	\$350.00	\$0.00	\$350.00 ↑	\$350.00	\$0.00	\$350.00 ↑	\$350.00	\$0.00	\$350.00 ↑
Total Cost Of Sales	\$23,150.00	\$2,433.59	\$20,716.41 ↑	\$22,422.73	\$2,637.13	\$19,785.60 ↑	\$37,422.73	\$3,593.64	\$33,829.09 ↑
Gross Profit	\$29,855.46	\$14,465.49	\$15,389.97 ↑	\$27,712.72	\$17,992.86	\$9,719.86 ↑	\$29,219.09	\$47,764.54	(\$18,545.48) ↓
Expenses									
6-1100 Accounting Fees	\$0.00	\$2,709.09	(\$2,709.09) ↓	\$0.00	\$2,709.09	(\$2,709.09) ↓	\$0.00	\$2,709.09	(\$2,709.09) ↓
6-1200 Advertising	\$800.00	\$181.82	\$618.18 ↑	\$1,300.00	\$2,021.82	(\$721.82) ↓	\$1,300.00	\$0.00	\$1,300.00 ↑
6-1210 Bank Charges	\$15.50	\$25.50	(\$10.00) ↓	\$15.50	\$15.50	\$0.00	\$0.00	\$15.50	(\$15.50) ↓
6-1400 Cleaning	\$569.09	\$96.36	\$472.73 ↑	\$510.09	\$96.36	\$413.73 ↑	\$510.09	\$141.81	\$368.28 ↑



TIP



REMEMBER

You can also drill down into any figures in purple by clicking through to see more detail and to check if something doesn't seem right.

If you want to generate a particular version of your Profit and Loss report on a regular basis, save your options by clicking the Save As button. Chapter 15 talks about customising reports in more detail, including making your reports look smart and stylish when reporting to management.

Looking at your Balance Sheet

Think of your Profit and Loss as a story of what goes on in your business over any period of time, and your Balance Sheet as a photograph. A Balance Sheet is really a picture of how much you own and how much you owe at any point in time, and the difference between how much you own and how much you owe is your stake in the business. The Balance Sheet doesn't get as much airtime as a Profit and Loss report in a lot of business discussions, which may be because many people don't really understand this report fully — but the Balance Sheet is important for you to understand the financial health of your business.



REMEMBER

Even though most people find Balance Sheets hard to understand, that doesn't mean they're not really important. A Balance Sheet is the first report I look at when checking if my Profit and Loss report is accurate, because this is where mistakes are easiest to spot. In other words, if you want to be able to rely on your Profit and Loss reports, you have to be certain your Balance Sheet is correct.

Viewing your Balance Sheet

Find the Balance Sheet report by going to Reporting → Reports. The Balance Sheet is on the Business tab. As the Balance Date, select the last day of the reporting period that you're reviewing. For example, if you generate a Profit and Loss report that runs from 1 January to 31 March, then you want to select 31 March as the Balance Date when generating your Balance Sheet report.

Many of the customisation options available to your Profit and Loss report exist in your Balance Sheet report also. For example, you can use the Breakdown menu to compare account balances for each month, quarter or year of any selected period; you can click More Filters to hide or display variance columns; and you can play with the Account Levels menu to view this report in varying levels of detail. Be brave and experiment with different formats to find the information that works best for you.



WARNING

Similar to a Profit and Loss report, you can also choose either Cash or Accrual as the Accounting Method. While selecting Cash as the Accounting Method on a Profit and Loss report can sometimes be useful if you're trying to understand cash movements in your business, I suggest you stick with Accrual as the Accounting Method for your Balance Sheet. Otherwise, if you select Cash, this report can be rather confusing, as important assets and liabilities (such as Accounts Receivable — money owed to you; and Accounts Payable — money you owe) won't be displayed.

Checking your Balance Sheet

To check that the figures in your Balance Sheet are accurate, work through the following points:



TIP

- » Ask yourself whether every single line on your Balance Sheet makes sense. A simple idea, but it works.
- » Check that every bank account shows the right balance. Savings, credit card and loan accounts are the most prone to neglect, so check the amount showing on the Balance Sheet against the latest bank statements.
- » Consider the balances of your fixed assets. Do they make sense? Perhaps you have an old bomb that barely scrapes through rego, but Motor Vehicles shows up as a \$50,000 asset in your Balance Sheet. In this case, something has gone astray.
- » All accumulated depreciation accounts should be minus figures. If they're not, something is definitely crook.
- » All liability accounts should be positive figures. If they're not, again, something is almost certainly wrong. (GST Paid on Purchases is an exception to this rule!)
- » Your Historical Balancing account should always be zero. If not, turn to Chapter 3 to shed some light on what may be wrong here.



WARNING

Consolidating Financial Reports

A great feature of MYOB Business's reporting is the ability to consolidate certain reports (you can consolidate your Balance Sheet, Profit and Loss and Cash Movement reports). For example, if you run three different businesses, such as a hairdresser, a beauty shop and a nail salon, you can bring the data from all three MYOB files into one report in just a few seconds. After you generate the report, you can also view the transactions that make up the figures from one of the other files without even having that MYOB file open. This offers huge time savings, as in the past you would have needed to export the Profit and Loss report from all three files to Excel first, and then be a genius at Excel to get it compile the results from each business into a single report. Figure 17-3 shows an example of a consolidated report.



TIP

Despite the ease and convenience of consolidated reporting, creating multiple company files may not be the most elegant solution for businesses with several cost centres or divisions. Sometimes, the easiest solution is to use Job reporting instead — something I talk about later in this chapter in 'Seeing Where the

Money's Made'. Generally, if you have a single ABN for a business, then a single company file is the way to go; if you have multiple ABNs, then multiple company files are the solution.

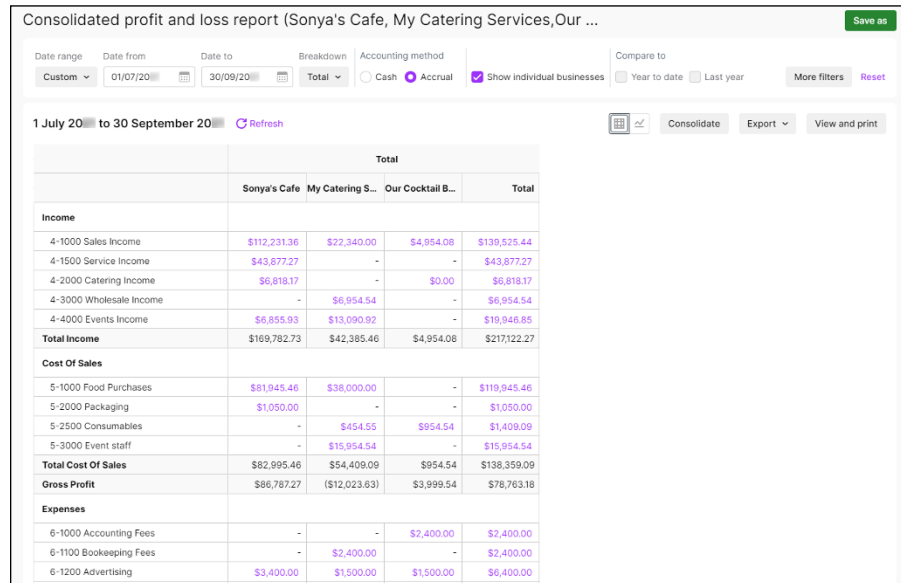


FIGURE 17-3: Consolidate your other MYOB files into one report.



TIP

To get the most out of your consolidated financial reporting, spend some time aligning your Chart of Accounts so that the account numbers and the account names are exactly the same in each file that you consolidate. If you have the same account number but a different account name, MYOB will create two separate line items in your consolidated reporting.

Figure 17-3 shows how consolidated reporting can provide a clear view of how all business under the same reporting entity are performing.

Working with Budgets and Cashflows

Part of getting intimate with your financials is deciding what you want the figures to be (as opposed to just looking at what they are) and figuring out how you're going to get there. In order to do this, you need to get your hands dirty and draw up a few serious budgets — not to mention a cashflow projection to boot.

A *budget* helps you plan, set goals, make decisions and assess how your business is tracking. Be clear on your purpose and keep figures achievable to maximise the usefulness of this report. Are you aiming to increase revenue to achieve a better gross profit margin, or are you struggling with cashflow and need to tighten your expenses?



REMEMBER

Realistic budgets are a great tool for ensuring financial stability. However, do be aware that even if a Profit and Loss budget shows a surplus, this may not translate to a positive cash balance. Movements in accounts such as asset purchases, accounts receivable, loan repayments or stock held all have a big impact on cash that won't be reflected in a Profit and Loss budget.

In the following sections, I show you how to create a budget and help you monitor your cashflow using cashflow reports.

Deciding whether it's beans for the week

Budgeting helps you build a plan for growing sales, improving profits and managing costs. Any good business plan always includes a budget to guide you on what is realistically achievable, with a little sprinkle of hopes and dreams to encourage you to aim high.

Go to Reporting → Reports → Business, where you find the Budget Management report. By clicking on this report, you can create a budget in MYOB:

1. Click Create Budget.

This is where you add a name, description and time frame for your budget. Make the name reflective of the budget's purpose, such as 'Driving Growth in Sales 2024' — get a little creative to motivate yourself!



TIP

You can create multiple budgets for different reasons, different lengths of time or to cover different areas of your business — you don't have to include everything under one budget.

2. Click Save Changes when you're happy with your selections.

The newly created budget page appears.

3. Choose the Type of budget as either Profit and Loss or Cash Movement.

The Profit and Loss budget is where most business owners start, enabling you to focus on creating budgets for income and expense accounts. This focus is sufficient for most businesses.



TIP

However, if you have large inventory holdings or you have a highly seasonal business, the Cash Movement budget can provide useful insights into possible cashflow pinch points. Not only are you budgeting for income and expenses, but you plan for the increase or decrease in key accounts such as cash held, accounts receivable, inventory on hand or accounts payable. Cash Movement budgets are quite technical, and you may need the help of your accounting advisor.

- 4. Optional: If you think that this budget will be close to the actual results from the previous year, select Import Last Year's Actual from the drop-down options under the Import button as a starting point.**

Looking at the actual results from the previous year is a great reality check when creating budgets, although if you import last year's figures, you do need to be careful to review all budget items and consider what is likely to change.

- 5. Choose your budget breakdown from the Breakdown field — monthly, quarterly and so on.**

The breakdown you choose can depend on the purpose of the budget. Budgets are usually monthly because regular reporting means you can respond quickly if budgets fall behind targets.

- 6. Start entering the figures in each cell for your budget as required.**

This is the tricky part of creating a budget. Keep it realistic. You can always amend a budget as you develop a greater understanding of what suits your business, especially if you are working on your first budget or if a significant event impacts your business.



REMEMBER

Remember that some expenses are irregular, such as quarterly electricity bills or one-off annual payments. Also, keep an eye out for months with five pay weeks, rather than four. (Usually, if you pay employees weekly, every third month has five pay weeks, not four.)

- 7. When your budget is complete, click Save at the top right.**



TIP

If you click into any cell, three symbols appear that enable you to fast-track your budgeting:

- » **Copy Across:** Click this symbol to copy a figure across to all rows or columns.
- » **Average Across:** Click this symbol to divide the total by the number of periods selected in the Breakdown menu. For example, if you select Monthly as your Breakdown, when you click the Average Across symbol, this will divide any total you enter in the first column by 12, and enter this amount across all 12 columns.

- » **Increase/Decrease:** Selecting this symbol allows you to increase or decrease by a specified percentage or dollar amount. For example, you can set this to budget for a 3 per cent increase in income each month as a goal to drive sales. (Be careful to be realistic here, however!)

If you prefer to work in Excel so that you can use formulas to do more complex calculations, you can export your budget to Excel and then import it back to MYOB when you've finished. To do this, create your budget, enter any figures that don't require calculations, and when you're ready, select CSV from the Export menu. Open this CSV file in Excel, make all changes required, return to your budget report in MYOB, and click Import to import this CSV file back into your budget.

Generating cashflow reports

Within the Reporting menu, you find two different types of cashflow reports: A Statement of Cash Flow report and a Cash Movement report.

Truly understanding these cashflow reports can take some time as there are many moving parts. Don't give up — spend some time exploring these reports to make sense of where your numbers are pulling from.



TIP

Turn to Chapter 19 if you find yourself in a really tight cashflow spot, which expands on different tips to help with cashflow management.

Statement of Cash Flow report

A *Statement of Cash Flow* report examines the money that has flowed in and out of your business during a set time period. This report often goes a long way towards explaining the mystery of why a business has a handsome profit but no cash, or vice versa. You can find the Statement of Cash Flow report under the Banking tab at Reporting → Reports.

This report groups cashflow movements according to the classifications you have selected for each asset, liability or equity account in your Chart of Accounts, and reports these movements under three headings:

- » **Cashflow from operating activities:** This figure reports on the movement of Balance Sheet accounts that relate to everyday trading, such as your business bank accounts, receivables, payables and inventory.
- » **Cashflow from investment activities:** This figure reports on movements in non-current assets, such as the sale or purchase of property, plant and equipment, or loans made to other entities.

» **Cashflow from financing activities:** This figure reports on movements in non-current liabilities, such as the receipt or payment of loans, including loans from directors.

You can see an example of how this report works in Figure 17-4.

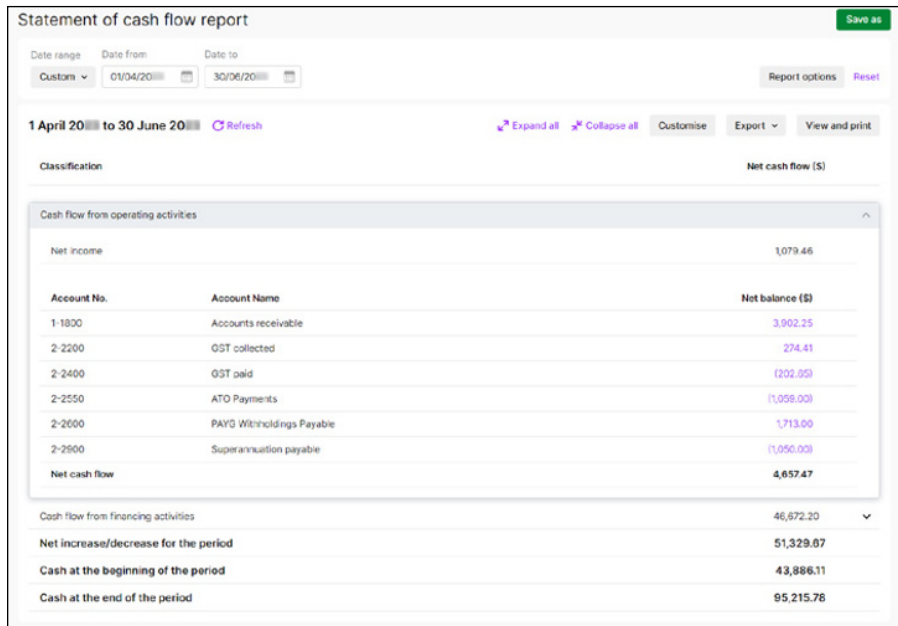


FIGURE 17-4:
A Statement of Cash Flow report.



TIP

To get your Statement of Cash Flow report working correctly, you may need to review the Classifications in your Chart of Accounts. To do this, head to your Chart of Accounts and for each asset, liability or equity account that isn't a bank account, select Operating, Investment or Financing from the Classification for Statement of Cash Flows field.



REMEMBER

Many people think that a cash-based Profit and Loss report does the same job as a Statement of Cash Flow report. Not true. A Statement of Cash Flow includes a lot of information that you don't get on a cash-based Profit and Loss, such as details about bank loans, owner's drawings or new equipment purchases — in other words, all the important Balance Sheet items that can affect your bank balance, but don't display on a Profit and Loss report.

Cash Movement report

Similar to the Statement of Cash Flow report, the *Cash Movement* report shows the movement of all accounts, including bank accounts, in your business over a period

of time. I find this report helps me monitor how my cash position has changed over time.

The format of the Cash Movement report is different to the Statement of Cash Flow report, listing income and expense accounts first, then assets and liabilities. I like how this format echoes my regular financial statements, although I still prefer the Statement of Cash Flow report if I want the insight of how investment activities (as opposed to operating activities) have affected my cashflow.

The Cash Movement report also allows you to manipulate the Breakdown menu to view account movements organised by month or by quarter, and to click Consolidate to combine Cash Movement reports from multiple company files (the latter is only relevant if you have multiple businesses).

Seeing Where the Money's Made

One of the fascinating facts about small businesses is that so many of them are really a collection of businesses bundled under the one name — like the newsagent that doubles as a post office and dry-cleaning agent, or the DIY expert who fixes your cupboard doors and also mows the lawn. The secret of success in these kinds of businesses is to find out which part of the business is bringing in the dough, and how much profit it's making.

MYOB's ability to help you find out where your business is making money is one of its best-kept secrets. It's a cinch! You simply use the Jobs list.



REMEMBER

Find your Jobs list by going to Accounting → Jobs. The Jobs list comes with a helpful Profit and Loss summary as an overview of how your jobs are tracking. You can create a new Job from here, as well as edit and delete Jobs.

The Jobs list can be used for lots of different things: Cost centres, profit centres, projects, ventures, locations or any other identifiable arm of your business. I discuss this further in the following sections.

Finding out how jobs work

Every transaction you record includes the following information:

- » **A contact.** The name of the customer, supplier or employee.
- » **An allocation account.** This information is an account number or name in your Chart of Accounts and refers to the type of income or type of expense it

is. For example, a payment for electricity may be allocated to Electricity Expense, and a payment for rent may be allocated to Rent Expense.

» **A job (optional).** Ah, here we are! This is where you can record a Job Number, if you like, selecting what part of your business (whether it's a project, a location or an arm of your business) this income or expense belongs to.

» **A tax code.** The GST code that applies.



TIP

You can allocate a Job to any transaction in MYOB Business simply by entering a Job Number in the Job field. For example, to allocate a Job when you're working in the Bank Transactions page, click the drop-down arrow to the right of the transaction. Go to the Allocate tab (see Figure 17-5), where you will see the four pieces of information from the preceding list — the supplier (Billy Fresh F&V) is the Contact, the allocation account is Food Purchases (an expense account), the relevant tax code is FRE and the Job Number is WDE (which in this example stands for 'White Dinner Event').

FIGURE 17-5: Enter a Job Number so you can track income and expenses for projects, cost centres or locations.

Similarly, Figure 17-6 shows how I enter the same Job Number on a supplier bill. In addition, you can see the name of the supplier (the Contact), the allocation account and the tax code.

Making the most of job reporting

Make yourself a cuppa, sit back and have a think about how your business could use the jobs feature in MYOB. Contemplate the different projects you do and consider whether your business is made up of different enterprises.

In case all this navel gazing doesn't make sense to you, here are a few of my own examples, which show how I've set up jobs for different clients:

FIGURE 17-6: Job Numbers can be used on bills and invoices, as well as on expenses.

Bill 01256251

Activity history Record payment

TOTAL AMOUNT \$480.00 TOTAL PAID \$0.00 BALANCE DUE \$480.00

Link a source document

Supplier * Great WA Truffles No ABN provided

Supplier invoice number 22532

Issue date * 01/09/

Due date * 30/10/

Amounts are Tax inclusive Tax exclusive

Report to ATO via TPAR

Description	Account *	Amount (\$) *	Job	Tax code *
Truffle gnocchi for White Dinner Event	5-1000 Food Purchases	480.00	WDE	GST

Notes

Subtotal \$480.00

Freight (\$) 0.00 GST

Tax \$43.64

Total \$480.00

Amount paid \$0.00

Balance due \$480.00

Delete Record payment View PDF Save as recurring Cancel Save and... Save

- » One client has a café that offers both café dining and event catering. All café income and expenses are given the Job Number Café and all catering income and expenses are given different Job Numbers depending on the event (so they can see if some events are not worth running again, or work out how to change an event to make it profitable). This allows my client to produce a monthly Profit and Loss for the café business, a Profit and Loss for the catering aspect of the business (including all events as well as each event listed one by one), and a Profit and Loss for the combination of all parts of the business.
- » A hairdresser friend has two salons in different suburbs of Perth — one in Claremont and one in Applecross. She codes the income and expenses from each salon with a different Job Number (C for Claremont and A for Applecross) so that she can print a Profit and Loss for each salon separately, as well as a Profit and Loss for the two salons combined. With this information, she can see which salon is more profitable and where she should perhaps allocate her staff for the month ahead.
- » My uncle is a builder who builds several houses every year. He creates a new Job Number for every house and codes all income and expenses with these codes. This allows my uncle to see how much profit (or sometimes how much loss) he makes on each house. He can then look deeper into his reporting to see if particular suppliers or contractors might be more cost-effective and allow him to make greater profit.



TIP

You can find several useful Job reports by going to the Jobs tab at Reporting → Reports. Type 'Job' in the Search field to view all reports relating to jobs. The Job Profit and Loss is usually your primary reference, although the Job Activity report, which groups job-related transactions by account, is also pretty handy.



TECHNICAL
STUFF

If you find that you need more reporting power — perhaps you need to create job budgets, assign salespeople to jobs, track locations as well as projects or organise jobs into groups, then you may need to consider upgrading to AccountRight for these added functions. Alternatively, check out the MYOB App Marketplace as there are several specialist job-tracking apps that integrate with MYOB Business, and which may enable you to get the job reporting you need without having to upgrade.

Creating a new job

After you've got the idea around the benefits of jobs and how they work, you're now ready to create your first new job. Here's how:

- 1. Go to Accounting → Jobs.**
The Jobs list page appears.
- 2. Click the Create Job button.**
The Create Job page appears.
- 3. Enter a Job Number and, if you wish, a Job Name.**



TIP

If you only have a few jobs, using letters to represent a job is best when setting your Job Number — numbers are harder to remember and you're more likely to make a mistake with them. You can also use a combination of letters and numbers if you prefer (though remember MYOB sets a 15-character limit here), but I generally find the shorter the length of your Job Number, the better (three or four letters works for me).



TIP

The Job Number is the only mandatory field when you create a Job, so make sure the Job Number is recognisable and represents the Job. If you do add a Job Name, make it meaningful so you don't mix it up with other Jobs.

- 4. Optional: Link a Customer and add a Job Description to the Job.**

If a Job relates only to one customer (such as each customer my uncle builds a house for), it makes sense to link the customer's Contact to the Job. Note however that with MYOB Business, job expenses linked to customers don't flow through to invoicing in the same way as they do when using other MYOB products.

You can also add any extra helpful details into the Description field here.

5. Click Save.

This adds the job to your Jobs list (see Figure 17-7) — just like that!

The Jobs list also gives you a nice little summary of the Net Profit (\$) on your Jobs, which is great way to review all your Jobs at a glance to be sure they are on track.



TIP

Job number	Job name	Income (\$)	Cost of sales (\$)	Expenses (\$)	Net profit (\$)
BED	Bedford Golf	5,454.55	0.00	7,600.01	-2,145.46
BLG	Bling Cocktail	2,272.73	0.00	454.55	1,818.18
PER	PER100	9,387.27	0.00	3,024.00	6,363.27
PLY	Perth Yacht Club	2,545.45	0.00	2,860.77	-315.32
RED	RED Ball	14,545.45	0.00	0.00	14,545.45
WDE	White Dinner	3,454.54	436.36	1,909.09	1,109.09
YLR	Yellow Rose	0.00	0.00	0.00	0.00

FIGURE 17-7:
A Jobs list.

Deleting Jobs

If you've created a new Job in error and have yet to assign any transactions to that Job, you still have time to click into the Job (via Jobs under the Accounting menu) and click the Delete button on the bottom left of the Job. However, if you've already assigned transactions to a Job, MYOB's audit history protection won't allow you to delete it.



TIP

WHAT'S THAT THINGY?

When you're working with Jobs, sooner or later you'll come across expenses that are difficult to allocate to any one particular Job. Things such as accounting fees, bank charges, legal fees, merchant fees and even telephone bills are often hard to pigeonhole. I've got a neat solution to this dilemma: Create an additional Job called Admin and use this Job for all expenses that don't belong to a particular Job. Then, you can generate a Profit and Loss report for each Job, as well as a Profit and Loss report that shows all shared overheads. It works a treat!

If you want to delete a job that has transactions allocated to it, you must first remove the job from all these transactions. Your Job Transactions (Accrual) report is the best reference to identify every transaction. With the job removed, you can then proceed to delete the job.

As an easier alternative, you can instead make the job inactive. Simply click the Job Number from the Jobs list and select the Inactive Job checkbox.



TIP

As your Jobs list grows over time, consider making old jobs inactive so that when you're processing transactions and you want to assign a job, you're only searching through active jobs.

IN THIS CHAPTER

- » **Balancing accounts, one by one**
- » **Introducing the Exceptions Dashboard (oh, what fun)**
- » **Reviewing transactions and hunting for gremlins**
- » **Checking GST, the fast way**

Chapter **18**

Keeping Your Accounts in Top Shape

Staying healthy is such an effort sometimes: working out at the gym, submitting to the dentist's chair, keeping tabs on your blood pressure — and so the list continues. So much to do, so little time.

You have to go through the same sort of checks with your MYOB file to keep it healthy. In this chapter, I explain how to take your MYOB file's pulse, administer first aid where required, and keep both MYOB's blood pressure, and your own, under control.

Reconciling Every Account

Earlier in this book (Chapter 9, to be precise), I devote an entire chapter to the exhilarating topic of bank reconciliations. Bank reconciliations form the guts of the whole accounting business, because until you're sure all bank accounts balance, you can't rely on a single report.

The most important bank account to reconcile is your main business bank account. Reconcile this account at least once a month so that your monthly Profit and Loss reports are meaningful.

You also need to reconcile all other bank accounts regularly, such as savings, credit card and loan accounts, and you may need to reconcile other accounts such as clearing accounts, or your Undeposited Funds account. Whether these accounts need reconciling, and how often, depends upon the nature of the account and how you structure your business. Read on to find out more.

Credit card accounts

Think of credit card accounts in the same way as any other business transaction account and reconcile these accounts whenever you're preparing to lodge a Business Activity Statement (or BAS, which you usually prepare monthly or quarterly).

Undeposited funds

Your Undeposited Funds account isn't a real bank account. Instead, your Undeposited Funds account represents all payments received but not yet matched up against your bank feeds (I talk more about the Undeposited Funds account in Chapter 7).

Although you don't need to waste precious time reconciling this account, I recommend you take a moment to double-check that the closing balance at the end of each month is \$0.00.

If the closing balance isn't \$0.00, and the transactions making up this balance are more than a few days' old, then reconciling this account can sometimes help identify what's gone wrong. Go to Reconcile Accounts, select your Undeposited Funds account, enter the Closing Bank Statement Balance as \$0.00 and mark off all cleared transactions, working through a week or so of transactions at a time. Total deposits should equal total withdrawals, and the Out of Balance amount should be \$0.00. Any deposits without matching withdrawals, or vice versa, flag the likely problem.

Petty cash

In Chapter 6, I suggest either using a petty cash tin or recording petty cash expenses using general journal entries.

If you use a petty cash tin, I suggest you balance the tin every time you top it up. Stay on top of your petty cash reconciliation because receipts disappear fast, as do the couple of dollars for the chocolate bar in the staff room that you will put back tomorrow but never do.

Clearing accounts

What's a clearing account, you ask? Clearing accounts include Payroll Clearing, Electronic Clearing, Cash Drawer and the like. A *clearing account* isn't a real bank account; rather, it's a holding account where you allocate transactions for a wee while before you shift them to somewhere else.

You know a clearing account is in good health when its balance shows as zero. If the balance doesn't show as zero at the end of a month, you may have a problem that requires investigation.

You reconcile clearing accounts the same way you reconcile any other bank account. Simply go to Reconcile Accounts, select the account number and date, and mark off all cleared transactions. The Closing Bank Statement Balance should be \$0.00, total deposits should equal total withdrawals, and the Out of Balance amount should be \$0.00.

If total deposits don't equal total withdrawals, start from the beginning, changing your Statement Date so that you work your way forwards a week or a month at a time, marking off the deposits and withdrawals that cancel each other out, and clicking Reconcile to clear these transactions from the Reconcile Accounts window. With this task complete, only the transactions that don't cancel each other out will remain, indicating the likely culprits for your out-of-balance amount.

Loan accounts

If you choose not to reconcile loan accounts, such as business loans or motor vehicle loans, that's okay. After all, you've got to leave something for your accountant to do. On the other hand, you can save accounting fees and generate more accurate Profit and Loss reports if you do the hard yards and reconcile these loans.

If your loan account is set up with bank feeds, you can easily follow the normal bank reconciliation steps explained in Chapter 9. (If you need to manually enter transactions via Spend Money or Receive Money for your loan account and need a refresher, head to chapters 6 and 7.) Once all transactions have been entered, continue with the normal process of reconciling your loan account (as you would for any other bank account).



REMEMBER

Ensure that your loan account is set up in your Chart of Accounts with the Account Type 'Credit card', as shown in Figure 18-1. 'Credit card' is the only Account Type within your Liabilities accounts from which you can record banking transactions.

FIGURE 18-1:
Recording
interest on a loan
account via a
Spend Money
transaction.

Create spend money transaction

Bank account *
2-5001 FirstBank Business Loan

Reference number * 358

Contact (payee)
[Empty]

Date * 26/06/20

Report to ATO via TPAR

Amounts are Tax inclusive Tax exclusive

Description of transaction
Interest on Business Loan

Account *	Amount (\$) *	Quantity	Description	Job	Tax code *
6-1500 Interest Expense	125.60		Interest on Business Loan		FRE

Subtotal \$125.60
Tax \$0.00
Total \$125.60

Save as recurring Prefill from recurring Cancel Record and new **Record**

EMPLOYING A FORENSIC EXPERT

Sometimes, when you're running a health check on your accounts, you may encounter transactions that you don't remember recording or changing, or you may even worry that somebody has been meddling with your records. Here's when the Journal Security Audit report can come to the rescue.

The *Journal Security Audit report* displays all changes made to transactions for any selected date range. This is the only report in MYOB Business that you can filter by session date (that is, the date a transaction was entered) as well as by transaction date.

The power of this report lies in the Report Options, where you can filter by transactions added, deleted, changed or reversed, as well as by User. For example, if you want to view all transactions deleted by a certain person in your office on a specific day, you can. (Unfortunately, the one area this report doesn't track is payroll, so any changes made there will not be visible.)

The Journal Security Audit report can be found by going to Reporting → Reports, where you'll find it on the Business tab.

I've conducted a few investigations in businesses where a manager suspects that an employee is fiddling the books. I've used the Journal Security Audit report to assist with such investigations, uncovering some unfortunate occurrences, such as receptionists deleting invoices and pocketing the proceeds after customers pay in cash. Hopefully this will never happen to you, and in the meantime, you'll have peace of mind from knowing this report exists.

Payroll accounts

You don't have to reconcile payroll liability accounts in the same way as you reconcile bank accounts, but I do recommend you ensure that all payroll liability accounts balance at the end of each month or quarter.

For more on how to do this, refer to Chapter 12.

Lining Up for a Health Check

With your account reconciliations complete, you're now ready to continue the review of your business data. To do this, I recommend you make your way to the Exceptions Dashboard.

The *Exceptions Dashboard* is an often overlooked but very nifty little feature that helps you keep your accounts shipshape. Similar to what an auditor might do, the dashboard identifies any transactions that lie outside the norm, and flags if your accounts receivable or accounts payable are out of balance. To view this dashboard, simply select Exceptions Dashboard from your Reporting menu.



TIP

The Exceptions Dashboard isn't the only place from which you can view transaction exceptions. Within your Report Settings (in your Settings), you can choose to show or hide your Exceptions Alerts. When you choose to show these alerts, a message pops up at the top of certain reports to alert you whenever there is an exception related to your sales, purchase or inventory (which sounds helpful but can also be annoying, so see what you prefer).

Figure 18-2 shows the Exceptions Dashboard page. The Transaction Review section of this dashboard focuses on receivables, payables, inventory and transaction date issues, which I explain next in this chapter (see 'Running Diagnostics: The Transaction Review'); the later Tax Review section focuses on GST-related queries (see 'Dishing Out Medicine: The Tax Review' later in this chapter).

Transaction review	Exceptions	Description
Receivables reconciliation exceptions	1	Compares the total balance of your customers' outstanding invoices to the current balance ...
Payables reconciliation exceptions	✓	Compares the total balance of your unpaid bills to the balance of your linked payables acco...
Inventory value reconciliation	✓	Compares the total value of all on-hand inventory to the current balance of the linked inven...
Future dated transactions	4	A list of all transactions dated later than the current system date or the selected as of date.
Prepaid transactions	✓	A list of all sales or purchases with payments dated earlier than the invoice or purchase date.
Tax review	Exceptions	Description
Tax amount variance	✓	Displays the difference between calculated and posted tax amounts for selected transactions.
Tax code exceptions (cash transactions)	1	A list of spend and/or receive money transactions with no GST code or with a GST code that...
Tax code exceptions (invoice transactions)	2	A list of sales and/or purchase transactions with no GST code, or a GST code that does not ...

FIGURE 18-2:
The Exceptions
Dashboard page.

Running Diagnostics: The Transaction Review

The *Transaction Review* section of the Exceptions Dashboard looks behind the scenes of your transactions to check that your data entry meets basic accounting principles.

To run this review, go to your Exceptions Dashboard overview page and select your Date Range (the beginning of the current financial year right up to the current date is usually your best bet). Click the Run Review button. You'll see a column showing either green ticks (meaning all is sweet) or red numbers (meaning it's time to investigate further), similar to Figure 18-2.

In the next few sections I describe what each error message means and provide some hard-core troubleshooting tactics.

Reconciling invoices and bills

The first two reviews in your Transaction Review reconcile invoices with linked receivables, and bills with linked payables.



REMEMBER

The main culprits that cause receivables or payables not to balance include incorrect opening balances (I explain how to set up opening balances in Chapter 3) or any transactions allocated directly to your Trade Debtors (Accounts Receivable) or Trade Creditors (Accounts Payable) accounts. The other possible culprit is a sale or purchase with a payment date that falls before the invoice date.

In this step-by-step guide, I help you diagnose what's causing the out-of-balance angst and explain how to administer the cure. To keep things simple, this set of instructions explains how to reconcile invoices and receivables. However, if you're troubleshooting payables, you can still follow these instructions, but instead substitute the word 'purchases' for 'sales', the word 'payables' for 'receivables', and the words 'Trade Creditors' for 'Trade Debtors'.

To work through the reconciliation, follow these steps:

1. If you haven't already, go to Reporting → Exceptions Dashboard.

The Exceptions Dashboard overview page appears showing all exceptions within your file as a red number in a circle. Green ticks are what you want to see.

2. Select the Date Range for which you're checking your data (quarterly is ideal, or yearly at a minimum) and click Run Review.

3. Click the first Transaction Review report, the Receivables Reconciliation Exceptions.

Note: This report can also be accessed from the Sales tab via Reporting → Reports.



TIP

I'm assuming that a red mark with one or more Exceptions has appeared on your Exceptions Dashboard overview page (as in Figure 18-2). If you have a green tick, you're good to go!

4. Assess the Receivables Reconciliation Exceptions report.

This report compares the Total Amount Outstanding from your sales invoices against the balance of your Linked Receivables Account, displaying the Out of Balance Amount (the difference between the two) that you need to resolve. You need this out of balance amount to be \$0.00.

5. Look through the Possible Causes of Exceptions list.

If you don't see any exceptions listed here, don't panic — it's a good thing! Skip to Step 7.

6. For every exception listed, drill down into the transaction by clicking the amount. See if you can identify and fix the problem.



TIP

Usually, the exception will reveal a transaction that has been allocated directly to your Trade Debtors or Accounts Receivables account (maybe a Spend Money transaction, a general journal or a service sale). The solution is to change the allocation account, seeking advice if you're unsure which account to choose. Figure 18-3 shows this usual culprit.

The screenshot shows an invoice for 'Bobs Beans' with a total amount of \$500.00. The invoice is marked as 'Closed'. The customer's billing address is 22 FACE ST, PARK AVENUE QLD 4701, Australia. The invoice number is 00001077, and the issue date is 30/06/2017. The due date is 14/07/2017. The invoice is tax inclusive. The main line item is 'Trade Debtors' with an amount of 500.00 and tax code N-T. The subtotal is \$500.00, tax is \$0.00, and the total is \$500.00. The amount paid is \$500.00, and the balance due is \$0.00.

Description	Account *	Amount (\$) *	Job	Tax code *
	1-3500 Trade Debtors	500.00		N-T

	Amount
Subtotal	\$500.00
Freight (\$)	Set up freight account
Tax	\$0.00
Total	\$500.00
Amount paid	\$500.00
Balance due	\$0.00

FIGURE 18-3: Allocating transactions to Trade Debtors or Trade Creditors is a big no-no.

7. If your receivables are still out of balance, return to your Exceptions Dashboard and see whether you have a red mark next to the Transaction Review item Prepaid Transactions.

Prepaid transactions are often the cause of receivables not balancing. Skip to 'Looking to the future, burying the past', later in this chapter, to help you understand why.

8. If prepaid transactions don't seem to be the problem, change your Date Range to the prior financial year. Click on the Receivables report again and check that the prior year's Out of Balance Amount is \$0.00.

If the Out of Balance Amount isn't zero then you should talk to your accountant, as any changes you make to prior year data could impact other areas of your file.



TIP

- 9. Assuming your Out of Balance Amount was zero at the beginning of the financial year, change the date filter again, but this time move the date forward just one month (say July). Run the report again to check if the Out of Balance Amount remains at \$0.00. Repeat this action, moving the date forward a month at a time until an Out of Balance Amount appears.**

Eyes on the prize? Well done.

- 10. Try to narrow this Out of Balance Amount to a particular day of the month.**

Using elimination and your death-defying powers of logic, keep narrowing down the date until you identify the exact day when the Out of Balance Amount first appeared.

- 11. Note down the date that this Out of Balance first appeared as well as the Out of Balance Amount.**

- 12. Go to Find Transactions (under Banking), select the Find and Replace tab, filter for your Trade Debtors/Receivables account and enter the date that things went wrong as both the From and the To date.**

Usually, the offending transaction is waving a red flag at you right about now.

- 13. Fix the transaction.**

If you're not sure how to reallocate this transaction, you may be best to talk to your accountant.

- 14. Cross your fingers, return to your Receivables Reconciliation Exceptions report and click Run Review again to check that the problem is fixed.**

Time to celebrate?

- 15. Repeat these steps with your Payables Reconciliation Exceptions report, ensuring that your Trade Creditors (Accounts Payable) account is in balance.**

Giving inventory a clean bill of health

The next step in the Transaction Review is the Inventory Value Reconciliation (just saying it makes me feel queasy). If you get a red mark here, grab your stethoscope and take some emergency action:

- 1. Go to Reporting → Exceptions Dashboard.**
- 2. Select the Date Range.**

This Financial Year to Date is usually a pretty good starting point.

3. Click the Inventory Value Reconciliation report from the Transaction Review section.

Note: This report can also be accessed from the Inventory tab via Reporting → Reports. If you access the report this way, select the current date as your As At Date.

I can feel the heart palpitations starting!

4. Assess the Inventory Value Reconciliation report.

If you access this report from the Exceptions Dashboard, you'll see the Total Value of All On-hand Inventory and the value of your Linked Inventory Account, and any Out of Balance Amount (the difference between the two) that you need to resolve.

If you access this report from your Reporting menu, you'll see the Account Balance, Inventory Value and Out of Balance amount for each inventory account. Note that the exceptions appear in a summary view when first opened and to see the possible causes of these exceptions, you need to click Expand All.

Regardless of which method you use to access this report, you need the Out of Balance Amounts to be \$0.00.

5. Look through the Possible Causes of Exceptions list.

If you don't see any exceptions listed here, skip to Step 7.

6. For every exception listed, drill down into the transaction and see if you can identify and fix the problem.

Most often, the exception is a transaction that has been allocated directly to your Inventory asset account (maybe an adjustment, general journal or a service sale). The solution is to change the allocation account, seeking advice if you're unsure which account to choose. If the transaction is an item sale or item purchase, double-check the linked account codes for each item listed. (Your inventory account should only ever be used as the Asset Account and never as the Cost of Sales or Income Account.)

7. After you've dealt with every possible cause of exception, redisplay the report and check that the Out of Balance Amount is zero.

It is? Then your work is done. If it isn't, keep reading . . .



TIP

Troubleshooting inventory when it's sick

So, you can't get a green tick for inventory in the Exceptions Dashboard? Time to get out the surgical tools:

- 1. Go to Reporting → Reports and select the Inventory tab. Click the Inventory Value Reconciliation report.**
- 2. Select the first day of the financial year as the date.**
- 3. If the Out of Balance Amount is zero, breathe a sigh of relief and skip to the next step.**

If the Out of Balance Amount isn't zero (at your starting point), the problem with your inventory relates to last financial year and you should talk to your accountant to rectify this.

- 4. Move the date forward a month at a time, until an Out of Balance Amount crops up on the report.**

Aha! You're now one step further towards solving the mystery.

- 5. Now try to narrow down the date range, and identify the exact date when the Out of Balance Amount first arose.**

For example, if inventory balanced on 1 Aug but didn't on 1 Sept, run the reports for say 5 Aug, 10 Aug, 15 Aug and so on. Using a process of elimination, identify the date when things went astray.

- 6. Go to Find Transactions (under Banking), select the Find and Replace tab, and filter for your Inventory account. Enter the date that things went wrong as both the From and the To date.**

- 7. Scan every transaction in your inventory account for that date and see if you can spot the culprit.**

Transactions that cause trouble are purchases or general journals that have your inventory account as the Allocation Account. Sometimes you need to drill down into the item (remember, you can drill down into anything purple in MYOB Business) to explore and repair the issue.

- 8. Reallocate the transaction, correctly this time.**

If you're not sure how to reallocate a transaction, ask your accountant.

- 9. Regenerate the Inventory Value Reconciliation report. Hopefully all is now well!**

Of course, if you have more than one problem in your file, you may have to continue moving forward, month by month, fixing transactions as you go.

Looking to the future, burying the past

The final reviews in your Transaction Review scan for future-dated and prepaid transactions.

Future-dated transactions

This review picks up any transactions with a date later than the End Date you enter in the Transaction Review. Given that you're usually best to select the current date as your End Date, any future-dated transactions that do show up are almost always mistakes, such as someone dating a transaction 31/12/2034 instead of 31/12/2024.

Prepaid transactions

This review identifies any sales or purchases where the payment date falls before the invoice date. The easiest solution is to drill down into each transaction and change the date of the sale or purchase so that it's the same as, or falls before, the payment date.

What should you do if the customer really did pay before you did the work? In this situation, the more correct accounting treatment for this transaction is to record a sales order for the customer first, applying the customer's payment as a deposit. Later, when you complete the job, you convert the order to an invoice.

However, at the time of writing, one limitation with MYOB Business is that although you can apply payments against purchase orders, you can't apply payments against sales orders (though this is likely to be an option in future — watch this space!). If you receive lots of payments in advance, you may need to talk to your accountant about how best to manage recording these payments and whether it's going to be okay to have payments that pre-date the invoices against which they're matched. In particular, prepaid transactions that span the end of a financial year can be tricky to deal with.

Dishing Out Medicine: The Tax Review

The last step of the Exceptions Dashboard report is the Tax Review. Contrary to the overwhelming dullness implied by the name, this review is actually quite a nifty wee beastie, surprisingly efficient at highlighting mistakes and inconsistencies.

Taking exception

The *Tax Review* identifies any transactions where the tax code for an account differs from the tax code on the transaction. For example, if you have GST as the tax code for Telephone Expense but you record the payment of a telephone bill with the FRE code, then this transaction comes up as a tax code exception.

Note: One tax code exception review is for cash transactions (Spend/Receive Money and general journals) and the other is for invoice transactions (sales and purchases), so you've got everything covered in these two reviews.



REMEMBER

Just because something appears as a tax code exception doesn't mean to say you've made a mistake. For example, you may have GST as the Tax Code for Staff Amenities Expense, which makes sense, because most of these expenses include GST. However, every now and then you buy coffee and tea and these beverages, defined by the powers-that-be as a necessity, are GST-free. The fact that you allocate this purchase to Staff Amenities and code this transaction as GST-free doesn't mean you got it wrong.

I generally check my Tax Code Exception report each month or quarter, when I'm getting ready to lodge my Business Activity Statement (BAS). I start by selecting the date range for that BAS period, and if I see any exceptions highlighted with a red circle, I click through to the report and check each transaction. If I'm confident the Tax Code is correct then I leave the transaction as is, but if I see that the Tax Code is wrong, I simply click the Amount field to drill down to the original transaction, from where I can edit the Tax Code.

You may find that the problem is that the default Tax Code for the account itself is wrong in your Chart of Accounts. To fix this, go to your Chart of Accounts (under the Accounting menu), find the account in question and change the Tax Code.

Making sure the whole deal is spot on

Every time you record a transaction that includes GST, the transaction impacts on a special account called GST Balance. Therefore, the balance of this liability account represents a running balance of how much GST you owe, or are owed.

The correct technique for ensuring that this account balances depends on whether you report for GST on an accruals basis or a cash basis.

If you report for GST on an accruals basis, here's what to do:

- 1. Go to Reporting → Reports and generate a Balance Sheet for the last day of the reporting period on your most recent BAS.**

For example, if your most recent BAS was for the month of June, generate a Balance Sheet dated 30 June.

- 2. On your Balance Sheet, look at the balance of your GST Balance account.**

3. In your most recent BAS, look up the amounts you declared for GST Collected and GST Paid, and calculate the difference between the two.

For example, if GST Collected was \$10,000 and GST Paid was \$6,000, the difference would be \$4,000.

Not sure where to look? Check out boxes 1A and 1B on your statement.

4. Compare the figure from Step 2 against the figures from Step 3. Guess what? They should match.

If the two figures don't match and the difference is more than \$100 or so, you need to take further action. I suggest you go right back to the beginning of the financial year and do this health check for each GST period so that you can pinpoint where the issue started. If the problem goes further back to before the beginning of the financial year, usually the best approach is to talk to your accountant.

If you report for GST on a cash basis, things take a much trickier turn because you have to allow for the GST that you haven't paid yet (because you haven't received payments from customers for outstanding invoices or you haven't paid suppliers for outstanding bills). I'm a little hesitant sharing this procedure with you, because the whole deal is unashamedly tricky, but if you can master reconciling GST on a cash basis, you're already truly ahead of the pack.

1. Look up the amounts you declared for GST Collected and GST Paid on your most recent BAS and calculate the difference between the two.

You're looking at boxes 1A and 1B on your statement. Write these amounts down in a spreadsheet (see Step One of Figure 18-4 for how to do this).

2. Go to Reporting → Reports. From the Sales tab, generate a Receivables Reconciliation with Tax report and from the Purchases tab, generate a Payables Reconciliation with Tax report, each for the same BAS date. Note down the Tax Outstanding on each of these reports.

3. Calculate the difference between Tax Outstanding on Receivables and Tax Outstanding on Payables.

For example, if Tax Outstanding on Receivables is \$320.10 and Tax Outstanding on Payables is \$210.20, the difference is \$109.90. Step Two of Figure 18-4 shows this whole drama in action.

4. Go to Reporting → Reports and generate a Balance Sheet for the same period, and look at the balance of your GST Balance account.

For example, if your most recent Business Activity Statement was for the month of June, generate a Balance Sheet dated 30 June. Enter this amount on your spreadsheet, as shown in Step Three of Figure 18-4.

	A	B	C
1			
2		GST Reconciliation, Cash Basis, Combined GST account	
3			
4	Step One	GST Collected shown on Business Activity Statement as at June 30	\$ 2,500.00
5		Less: GST Paid shown on Business Activity Statement as at June 30	<u>\$ 2,390.00</u>
6		Net GST	\$ 110.00
7			
8	Step Two	Amount of tax included in total receivables as at June 30	\$ 320.10
9		Less: Amount of tax included in total payables as at June 30	<u>\$ 210.20</u>
10		Net Cash Adjustment	\$ 109.90
11			
12	Step Three	Balance of GST Payable as per Balance Sheet as at June 30	\$ 374.90
13	Step Four	Less Net Cash Adjustment for GST not paid or received as yet	<u>\$ 109.90</u>
14			\$ 265.00
15			
16	Step Five	GST discrepancy (difference between GST on BAS and Balance Sheet)	<u>-\$ 155.00</u>

FIGURE 18-4:
Reconciling GST
on a cash basis.

5. Compare the figure from Step 4 against the figure from Step 3. If the stars are in your favour, these figures should match.

If the two figures don't match and the difference is more than \$100 or so, take further action. I suggest you go right back to the beginning of the financial year and do this health check for each GST period. This way you can hopefully see where the problem began. If the issue relates further back to before the beginning of the financial year, your best approach is to talk to your accountant.

Heading to the Beach

So you've made it to the end of this chapter, enduring an accounting marathon that's resulted in a great audit of your accounts. You can now sleep easy knowing that the financial reports you generate for your business are accurate and reliable.

Only one thing left to do. Grab a beach towel and head to the beach to enjoy a much-deserved sunset. Well done to you!

5

The Part of Tens

IN THIS PART . . .

Discover ten great features in MYOB that help with analysing, improving and managing cashflow in your business.

Find out the best process to follow when preparing your Business Activity Statement to ensure that what you report to the Australian Taxation Office is correct.

IN THIS CHAPTER

- » Getting accurate data to see what's going on with cashflow
- » Understanding the psychology of invoicing
- » Bringing money in with automations
- » Making sense of profitability versus cashflow

Chapter **19**

Ten Useful Tools for Managing Cashflow

Cashflow is imperative for the survival of a business and should always be front and centre for any business owner. Many businesses, particularly those that are growing quickly, can be quite profitable and yet still encounter significant cashflow difficulties.

This chapter shares ten tools for keeping your cashflow under control — after all, without working capital in a business, how can you make purchases, pay employees or settle your debts? By utilising these ten tools, you can use MYOB to bring all aspects of running your business together.



TIP

If you're new to owning a business, hire a competent bookkeeper or accountant as early as you can as they offer great business advice and help keep your accounts up to date. Accurate reporting is essential for monitoring profitability, ensuring adequate cashflow, and keeping day-to-day activities on track.

Offer Online Invoice Payments

Giving your customers the option of paying in many ways encourages faster payments. By offering Online Invoice Payments (OIP) to your customers, you reduce possible barriers to payment as your customers have the option to pay not just by direct transfer, but by Visa, Mastercard, Amex, BPAY, Apple Pay, Google Pay and PayPal. MYOB suggests you may get paid up to three times faster by offering these payment method alternatives. You can now even text message an invoice to customers using OIP so they can settle their bill on their phone in seconds via Google Pay or Apple Pay.



REMEMBER

The convenience of offering OIP to your customers has the downside of an attached merchant fee (which you can choose to pass on to your customer), plus a small \$0.25c transaction fee (that can't be passed on to customers). If you choose not to pass on the merchant fee to customers, this can amount to a significant expense for higher-value invoices, so you may wish to be selective about which invoices you offer this payment method for.

You can choose whether to make this feature available to all customers or just to specific customers, perhaps limiting this offer to those who request it or who are always late to pay. Once set up, you can easily toggle the option to Allow Online Payments when you're creating an invoice; you can also click Apply Surcharge on individual invoices to select whether you want to pass on the merchant fee to the customer or whether the business will carry this expense. The choices are all yours here, so consider what works best for your business.

Turn to Chapter 7 for a guide to setting up OIP.

Use eInvoicing to Speed Up Invoice Processing

Although relatively new for most Australian businesses, eInvoicing has the potential to improve your cashflow in two ways:

- » If both you and your customer use eInvoicing, your invoices are pushed through directly to your customer's software without you having to email them. This way, all invoice details are prefilled at your customer's end, hopefully expediting payment.

- » With eInvoicing, your customer has the immediate option to reject an invoice if something isn't quite right, and add a note to explain why; for example, if they receive 10 packets of Freckles but you invoiced for 12.

The Activity column on your Invoices list (Sales → Invoices) will instantly label the invoice as Rejected. If you click the invoice number you'll be able to see the note explaining why it was rejected, and you can then rectify the problem quickly and resend the invoice. The whole process takes place within the eInvoicing system, so there'll be no 'dealing with email' delays.

While eInvoicing is a very new way of doing business that is not widely used yet, it is likely to continue to grow as businesses see the benefits of sending invoices electronically in this way. Chapter 4 covers eInvoicing in more detail.



TIP

If you do business with any federal government agencies, you'll want to switch on eInvoicing as soon as possible. Under new legislation, federal government bodies receiving invoices using this system are obliged to process payments within five days wherever possible.

Switch on Invoice Reminders

You always want to encourage your customers to pay on time, and with invoice reminders you can do exactly that. The best part is, after you've set up invoice reminders, MYOB requires no further effort from you and will take care of the rest!

To set up invoice reminders, click on your Settings menu, select Sales Settings and go to the Reminders tab. MYOB includes three default email reminders, each one worded slightly differently according to how overdue the invoice is. You can edit both the timing and wording of these defaults, with the option to have up to five different reminders. You can choose to use reminders for all your customers or just the ones who are always late — it's up to you. (Chapter 7 covers setting up invoice reminders from start to finish.)

These reminders really do work a treat — sometimes customers just need a gentle nudge, especially if they genuinely missed or forgot about your invoice. Reminders encourage customers to pay up and may even be an incentive for some customers if they don't want to receive reminders in the future — that's definitely how I react if I see one!



TIP

To use invoice reminders effectively, be sure to match all payments received against customer invoices every day so that reminders are only sent for invoices that remain genuinely unpaid (Chapter 7 talks about recording customer payments in more detail).

Stay on Top of Who Owes You Money

If you've offered your customers every opportunity to pay their invoice by the agreed due date in a way that works for them (such as through invoice reminders, OIP or eInvoicing), you hopefully don't have many outstanding invoices that require tougher tactics. Sadly, however, a few customers may give your grief, so debtor management remains key.



TIP

The Unpaid Invoices report (go to Reporting → Reports, where you'll find it under the Sales tab) is a great place to monitor who owes you money, providing a quick summary of what you're owed. You can then click Expand All to see full invoice details so you have them to hand when you're following up with your customers.



WARNING

This report is only as valuable as the data you put into MYOB. Be sure you've matched off all deposits in your bank feeds before you get carried away with chasing overdue payments! Chapter 7 covers allocating your invoice payments correctly. If things are a little skewed and don't match up, most of this will come out in the wash when you reconcile your bank accounts — Chapter 9 guides you on how to fix these kinds of mishaps.

Keep Track of Your Invoicing Activity

The key to cashflow is ensuring that you get paid on time. Happily, MYOB helps you do just this with its Invoice Activity feature.

In Figure 19-1, the list of invoices (accessed via Sales → Invoices) includes a column labelled Activity. As you can see, this column clearly indicates whether you've emailed the invoice, whether delivery was successful and whether the customer has viewed the invoice.



REMEMBER

Keep your eyes peeled for any invoices that show nothing in the Activity column, as this usually means you've forgotten to send the invoice. Also, watch out for a Delivery Failed status, which usually indicates you've got the wrong email address. In both cases, the customer is yet to receive your invoice.



TIP

The other time invoice activity information can be useful is when you're chasing overdue invoices. If a customer is slow to pay, click the invoice number and scroll to the bottom, where you can see a full Activity History, including time and date stamps for when the invoice was created, viewed, printed or downloaded. This way, you know if customers are being truthful if they say they haven't received your invoice yet, and you can see at a glance when the invoice was first viewed or downloaded.

FIGURE 19-1:
Review your invoice Activity to check your invoices have been sent and received.

Issue date	Invoice no	Customer	PO number	Amount (\$)	Balance due (\$)	Due date	Status	Activity
01/07/20	00001074	Casey Stevens	-	1,000.00	211.00	15/07/20	Overdue	Viewed
02/07/20	00001075	Casey Stevens	-	55.00	0.00	16/07/20	Paid	Viewed
06/07/20	CR1080	Cindy Charming	CCA145	-104.50	-104.50	20/07/20	Credit	Sending
27/07/20	00001081	Bobs Beans	-	100.00	0.00	10/08/20	Paid	
27/07/20	00001082	Charlie Brown	-	220.00	220.00	10/08/20	Overdue	Viewed
28/07/20	00001083	Bobs Beans	-	100.00	0.00	11/08/20	Paid	Delivery failed

Get Bank Feeds Up and Running

One of the secrets to ensuring good cashflow management is having up-to-date financial reports available for your business. And one of the best ways to guarantee your reports are always up to date is to use bank feeds to record and match business transactions.

Bank feeds allow you to process transactions quickly and accurately as they enable you to automate large portions of what would otherwise be manual data entry.



TECHNICAL
STUFF

If you're a little hesitant about connecting your bank feeds, remember that bank feeds don't mean that you relinquish control to your bank, nor do they entail any risk to banking security. You don't need to enter any banking passwords in MYOB, nor can you withdraw funds from your bank account using MYOB. Bank feeds are simply an electronic copy of all transactions that are sent from your bank through to MYOB.

Chapter 5 steps you through how to connect and use your bank feeds like a pro and make full use of all the automations available.

Record Supplier Bills Swiftly Via the In Tray

So far in this chapter, the tools suggested have involved the income side of the ledger; however, if you're monitoring your cashflow, you also need to stay aware of how much money you owe.

For example, say you have \$50,000 in the bank. You may think 'Hurrah! I can buy a new 'Mazdarati'!' However, if you aren't recording your bills into MYOB in a timely manner, how can you know what you have available to spend? After

meeting all your obligations, you may only be able to afford an electric scooter rather than a car.



TIP

Using MYOB's In Tray can help you keep track of outstanding bills by automating the data entry of supplier invoices as soon as they arrive. Data such as the supplier name, date, amount and account code (if you've pre-set it in your supplier's contact card) can all be extracted — and if you're using eInvoicing, you can even extract the description information. Most of the time, all you need to do to enter the invoice into MYOB is a quick review before clicking Save.

Chapter 8 shows you all the ways you can get your bills into the In Tray, and how to pick the approach that works best for you.

Understand the Difference between Profitability and Cashflow

In order to manage your cashflow, it pays to understand why the profit shown in the bottom line of your Profit and Loss report can be quite different to the change in your bank balance over that same period. Here are a few reasons why:

- » **You've paid tax:** If you're a sole trader or partnership and you've paid income tax during this period, this tax won't appear as an expense in your Profit and Loss report. However, the payment will impact your bank balance.
- » **You owe GST:** As you approach the end of each BAS reporting period, you may end up owing much more in GST collected than you can claim back in GST paid. This difference translates to a temporary (and potentially quite deceptive) boost to your bank balance.
- » **You've purchased a vehicle or equipment:** The purchase of assets doesn't show on your Profit and Loss report but instead affects your Balance Sheet.
- » **The business has either repaid loans or taken out a new loan:** The receipt of a new loan doesn't show as income on your Profit and Loss report, nor do loan repayments show up as expenses.
- » **The amount customers owe you has increased or decreased:** If total funds owing from customers appear more at the end of the period than at the beginning, this drains your bank balance; likewise, if the amount owing has decreased, this increases your bank balance. The opposite applies to increased or decreased amounts owing to suppliers.
- » **Your inventory levels have increased or decreased:** Any increase in inventory levels uses up cash; the opposite applies to any decrease.

Please don't be overwhelmed by this long list — help is at hand! In Chapter 17, I explain how to generate a Statement of Cash Flow report. For any selected period, this succinct report details how your cashflow has been impacted by different factors. If you refer to this report regularly and take time to understand the detail, you'll develop valuable insights into how you can improve cashflow management in the future.



WARNING

Don't be tricked into thinking a cash-based Profit and Loss report does the same job as a Statement of Cash Flow report. Not true. A Statement of Cash Flow includes a lot of information that you don't get on a cash-based Profit and Loss report, such as details about bank loans, owner's drawings and new equipment purchases.

Head to the App Marketplace

MYOB's cashflow reports focus upon the past, not the future. For example, to analyse all factors affecting your cash balance for the last three months, reports such as the Statement of Cash Flow are just the ticket. However, if you want to create detailed projections predicting what your cashflow might be in 3, 6 or 12 months' time, then MYOB on its own isn't much help.

Anticipating cashflow challenges is vital for survival but can be super tricky, especially if your business is growing quickly.

While many accountants use Excel for cashflow projections, such reports tend to get pretty technical for those without a mathematical bent. Fortunately, you can now find many apps that integrate with MYOB and help with both cashflow reporting and getting paid quickly.

To view these apps, go to your business name and select App Marketplace. Select your MYOB version in the left menu, and type 'cashflow' in the Search bar to see a whole range of apps that can not only help you generate cashflow projections, but also can help with credit management and debt collection.

Use Comparative Reporting

Comparing your performance across different time periods helps highlight areas of potential growth or decline, and can be key to anticipating your business and cashflow cycles.

To set up an insightful comparative report that compares your monthly Profit and Loss report to the same period in the prior year, follow these steps:

1. **Go to the Reporting → Reports. Click the Profit and Loss report on the Business tab.**
2. **Adjust your date range to cover the current financial year.**
3. **Choose Monthly as your Breakdown.**
4. **Tick the Compare To Last Year checkbox in the Compare To section.**

When you select this option, you will see two extra columns that show Variances (the difference between this year and last year) as a dollar or percentage amount, giving you an insight into how you're tracking against last year for each month.



TIP

If you only want to see the Variance in dollars or as a percentage, you can choose to hide either or both of the Variance columns by clicking the Report Options button and checking or unchecking the options you want. You can tinker with other report display aspects here too so you can customise the report to your liking.



REMEMBER

After you select your options above and get the report just as you like it, remember to click Save As in the top right of the report so that you can revisit this customised report exactly as it is now. Chapter 15 goes into more detail on saving your customised reports for speedy access next time you need them.

IN THIS CHAPTER

- » Reconciling all bank accounts
- » Reviewing your reports for any issues
- » Checking all is good in the hood with payroll
- » Collecting all the parts of your BAS
- » Locking up your data when you lodge your BAS

Chapter **20**

Ten Essential Tasks When Preparing Your Business Activity Statement

A big cause of headaches for business owners is lodging Business Activity Statements (BAS) by the due date. The best advice I can give here is keep up to date with your bookkeeping so when BAS time comes around, you're only dealing with a few stress-free checks and balances before you're ready to lodge your BAS. In addition, don't hesitate to adopt the automations in MYOB such as bank feeds, rules and the In Tray to ensure that your accounts are completed as quickly and efficiently as possible.

In this chapter, I share ten useful steps you can follow when it's time to prepare your BAS so that not only is your BAS lodged on time, but you can be confident that all the information is correct.

Check All Bank Transactions Have Been Allocated

Only when you've allocated your transactions do they move through to the general ledger and thus the bank reconciliation. If you're using bank feeds, go to Banking → Bank Transactions and select All bank accounts in the top left. Filter the Status to select Unallocated transactions and then choose the applicable date range to see if you've missed allocating any transactions along the way.

If you don't allocate every single bank transaction for the required BAS period, your accounts will be incomplete, and the information generated for your BAS will be wrong.



TIP

Extend the date range wider than just the month or quarter you're focusing on when you're looking for any unallocated transactions. Inadvertently, some transactions may have been fixed or deleted from prior periods and so could get pushed back to your bank transactions as unallocated, so checking back further ensures you won't encounter issues when you come to reconcile your accounts.

Clear Your Suspense and Queries to Code Accounts

Throughout the year, you may have been unsure where to allocate a particular transaction as perhaps it was a little outside the ordinary — for example, maybe you purchased Christmas gifts for a few clients and you're unsure if you can claim them as a business expense. When you encounter these transactions, it may be helpful to allocate them to your Suspense (or Queries to Code) account until you have more information (which you may need from your accountant to help you allocate these transactions correctly). In Chapter 6, I explain how to use Suspense and Queries to Code accounts; before you lodge your BAS, you also need to make sure you clear these accounts so you have no outstanding allocations.

To clear a Suspense or Queries to Code account:

1. **Go to Banking → Find Transactions.**
2. **Go to the Find and Replace tab.**
3. **Filter the date range as required and select the All option for both the Source Journal and Tax Code fields.**

4. **Select the Account as your Suspense (or Queries to Code) account.**

All the transactions that you've allocated to this account should now appear as a list in date order.

5. **Work through the list of transactions to allocate them correctly, using the advice from your accountant (you may also prefer to ask your accountant to allocate these transactions for you).**

If you simply need to reallocate the transaction to the correct account, check the box to the left of the transaction and then click the Replace button that appears at the top of the list. Select the correct Account and Tax Code for the transaction.

If you need to change more details in the transaction, click the purple Reference No in the transaction line, which opens the full transaction. Make the required changes and click Record when you're done.

Changing the date or amount on a bank feed transaction may impact your bank reconciliation. Turn to Chapter 9 for more on avoiding reconciling errors.



WARNING



TIP

Clear your Suspense and Queries to Code accounts regularly so you can remember what the transactions relate to, rather than leaving them for months and having a mad panic at the end of the year when you have no idea what the transaction was for. A monthly review is ideal, but aim for a minimum of reviewing this account every BAS cycle so you can also account for your GST correctly.

Reconcile Your Debtors and Creditors

This reconciliation is covered in depth in Chapter 18, where I explain why you should be reviewing your Exceptions Dashboard (found under the Reporting menu) to be sure you have a \$0.00 out of balance amount. If you find anything other than zeroes, you need to rectify the issue; exceptions usually affect GST amounts, which in turn may lead to incorrect BAS reporting.

I also recommend checking that you have no outstanding customer or supplier credit notes waiting to be applied. (If you report GST on a cash basis, the GST on these credits won't come into your reporting until you have applied the credit; for accruals basis reporting, the GST is reported as soon as you enter the credit.) Go to Sales → Customer Returns and Purchases → Supplier Returns to check for outstanding credits.

Review Your General Ledger Report

A *General Ledger report* is a summary of all transactions entered into your MYOB file for a specified period of time, grouped by account code. It shows all transactions, including spend money and receive money transactions, supplier bills, customer invoices, payroll transactions and general journals. When preparing to lodge a BAS, this report allows you to check that all account allocations are correct.

I like to customise this report to help me review not only my account allocations, but my tax code allocations also. To view this information in the one report, here's what to do:

- 1. Go to the Reporting → Reports.**
- 2. Go to the Business tab and click General Ledger.**
- 3. Adjust the Date fields to include this reporting period and the prior reporting period.**

By reviewing both periods together, you can compare the current transactions against the previous period (which you trust is correct) so any errors will stand out more clearly.

- 4. Ensure All accounts are selected.**
- 5. Check the selected Accounting Method matches your GST reporting basis.**

For the purposes of checking your BAS, ensure the Accounting Method is set to Cash if you report for GST on a cash basis, or Accrual if you report for GST on an accrual basis.

- 6. Click the Customise button. From the Select Columns to Display drop-down list (at the bottom), add Gross Amount (\$) and Tax Code to the report and click Apply.**

The Tax Amount (\$) column is always added as a default.



TIP

To reorder the columns, click a column heading you want to move, grab the six dots to the left and drag the column into the order you wish it to appear, repeating as necessary until your column headings are listed in your desired column order.

Click on the 'x' to the right of any columns you wish to remove. (To help the report fit on one page and to focus on tax and account allocations, I tend to remove the Net Activity (\$) and Open (\$) columns.)

- 7. Click Expand All to review all transaction details and see the added columns.**
- 8. Check all your transaction lines to ensure they're correctly allocated to the correct account, that the correct tax code has been applied and that the tax amount is also correct (this is where the Gross Amount (\$) column comes in handy).**



REMEMBER

9. If something isn't quite right and you need to make changes, click the purple number in the Reference Number column (which will open the transaction details in a new browser window), make the required edits and click the green Save button.

Don't change amounts or dates here or you could mess with your bank reconciliation (for more on this, refer to Chapter 9). Here, you are focusing on checking and adjusting (where necessary) the account allocations, tax codes and GST calculations. **Note:** The changes you make in the new browser window only take effect in the General Ledger report when you refresh the report page.



TIP

Once your customised report is as pretty as a peach, remember to click the Save As button in the top right to save the report so you don't need to customise it again for the next period's review.

Figure 20-1 shows an example customised report, which I call 'GL for BAS Review'.

GL for BAS review Save changes Save as

Date range: Custom | Date from: 01/04/20 | Date to: 30/06/20 | Accounts: 52 selected | Accounting method: Cash Accrual | Report options: Reset

1 April 20 to 30 June 20 Refresh Expand all Collapse all Customise Export View and print

Account number	Account name						
6-1100	Accounting Fees						
Date	Reference number	Transaction type	Transaction description	Gross amount (\$)	Tax amount (\$)	Tax code	Balance (\$)
01/05/20	333	Spend money	PAYMENT - MYX ACCOUNTANT	\$880.00	\$80.00	GST	\$30,627.26
01/06/20	332	Spend money	PAYMENT - MYX ACCOUNTANT	\$880.00	\$80.00	GST	\$31,427.26
Total				\$2,640.00	\$240.00		\$31,427.26
6-1200	Advertising						
Date	Reference number	Transaction type	Transaction description	Gross amount (\$)	Tax amount (\$)	Tax code	Balance (\$)
07/04/20	389	Spend money	PAYMENT - TRINITY ADVERTISING	\$550.00	\$50.00	GST	\$14,221.82
07/05/20	EFT	Spend money	PAYMENT - TRINITY ADVERTISING	\$550.00	\$50.00	GST	\$14,721.82
07/06/20	313	Spend money	PAYMENT - TRINITY ADVERTISING	\$550.00	\$50.00	GST	\$15,221.82
Total				\$1,650.00	\$150.00		\$15,221.82
6-2000	Electricity and Gas						
Date	Reference number	Transaction type	Transaction description	Gross amount (\$)	Tax amount (\$)	Tax code	Balance (\$)
09/04/20	390	Spend money	PAYMENT - MERC ELECTRICITY AND ...	\$599.00	\$54.45	GST	\$8,168.25
09/05/20	358	Spend money	PAYMENT - MERC ELECTRICITY AND ...	\$599.00	\$54.45	GST	\$8,712.80
09/06/20	378	Bill payment	Payment for 00005561	\$599.00	\$54.45	GST	\$9,257.35
Total				\$1,797.00	\$163.35		\$9,257.35
6-2600	Insurance						
Date	Reference number	Transaction type	Transaction description	Gross amount (\$)	Tax amount (\$)	Tax code	Balance (\$)
26/04/20	268	Spend money	PAYMENT - AAMI INSURANCE WORK ...	\$280.00	\$25.45	GST	\$5,202.80

FIGURE 20-1: Customising your General Ledger to include extra columns.

Review Your GST Report

Looking at your GST figures overall (as a total per tax code) is a useful step when you're preparing your BAS, even if you've already completed the General Ledger report review suggested in the preceding section.

The best report to use here is. . . wait for it. . . the GST report. This report shows all transactions (in the time period selected), categorised firstly by income or expenses and then based on the tax code for that transaction.

To review your GST figures using the GST report:

- 1. Go to Reporting → Reports.**
- 2. Go to the Business tab and click GST Report.**
- 3. Select your date range.**

Either select from the pre-set Date Range drop-down list or adjust the Date From and Date To fields to capture the reporting period you are reviewing.
- 4. Ensure All Selected is showing for tax codes and All Selected is showing for Contacts.**

Leave no stone unturned for this initial review!

- 5. Check the selected Accounting Method is correct.**

Although you can change this setting every time you generate a GST report, I recommend you set this default via your Report Settings (under the Settings menu).

Not sure which method to select? The top-right corner of your Business Activity Statement specifies whether your GST Accounting Method is Cash or Accrual.
- 6. Select Expand All to review all your transaction details and check your transactions are sitting with the correct tax code.**

You can also click Export to Excel or PDF if you feel a different display will give you a better viewing experience. This review process is similar to the review of the General Ledger report in the preceding section — think of it as a final check from a different perspective.

Refer to Chapter 16 on all things GST to understand how to use the totals in this report when you're lodging your BAS form.

Reconcile Payroll and STP

I know you have been biting at the bit to get to this task because who doesn't love reconciling payroll! When all the numbers align and everything's matching, isn't there a little part of you that does a happy dance because you nailed it? (No? Maybe it's just me then.)



TIP

Payroll can be perplexing, so make your way through chapters 11 and 12 before you proceed here so you have a sound understanding of how payroll — and importantly, Single Touch Payroll (STP) — works.

In this section, I explain the checks and balances you should do as part of your BAS preparation. These are the two key areas to focus on when you want to check your payroll data is correct and get ready to report on your BAS:

» **Is the balance of your payroll (or electronic) clearing account \$0.00 as at the last day of the BAS reporting period?** You can check this account balance as part of reviewing your General Ledger report (as discussed in the earlier section 'Review Your General Ledger Report'). Chapter 12 explains how to set your employees' payment method to a payroll (or electronic) clearing account and why I recommend you do so.

» **Does your Payroll Summary report (which you access via Reporting → Payroll) match the STP finalisation verification report (which you access via Payroll → Single Touch Payroll Reporting → Finalisation)?** This check (always at YTD) confirms that all payroll data is being reported correctly for STP to the ATO.

Chapter 12 talks more about reconciling your Payroll and STP and the importance of doing so with each BAS.



TIP

» **Does your Payroll Activity report match with the totals of W1 and W2 on your BAS?** In the Summary view, the first column of this report shows the Total Salary and wages amount to report in section W1; the Taxes column total is the amount to report in section W2.

Chapter 16 talks more about what is reportable at each payroll label for your BAS as sometimes your payroll reports may hold particular pay items (such as salary sacrifice amounts) that should not be reported at W1 (as one example).

Great — now you have your payroll figures ready to report on your BAS!

Reconcile All Your Bank Accounts

Some people may suggest you reconcile your bank accounts as the first step in preparing your BAS. However, I feel it is more helpful to reconcile your accounts after you have reviewed your transactions. Why? Because once your transactions are reconciled, MYOB prevents you from making certain changes to avoid potential issues with your bank reconciliation. Things can get a little tricky if you need to make edits or changes after you have reconciled your bank accounts.

If you need a refresher on the process of reconciling your accounts, head to Chapter 9.



TIP

Apart from reconciling obvious accounts such as your business bank account, make sure you also reconcile your credit card accounts and any loan accounts.

I also suggest you reconcile your clearing accounts, such as any undeposited funds and electronic clearing accounts, to be sure they also show a \$0.00 balance (this does not need to be a hard reconcile of the accounts in the reconcile window; instead, it may simply be a balance check of these accounts as something you do while reviewing your General Ledger report — refer to the earlier section ‘Review Your General Ledger Report’).

Check for Prior Period BAS Adjustments

After you’ve checked all your current BAS period data is spot on, you need to ensure that no-one has accidentally made changes to any transactions from prior BAS periods (within the financial year) that you’ve already lodged.

Chapter 16 explains in detail how to identify any changes made in your file after the date you last lodged your BAS so you can take action as required — either by making an adjustment in your next BAS or creating a BAS revision for a prior period.

Lock Your Data

When all your data has all been reconciled and checked, it’s time to lock the data so no-one can make changes to your brilliant work. To do so, go to your Settings and select Business Settings from the drop-down menu. Scroll to the very bottom

of the Business Settings page and you will find your Lock Date. Simply enter the last date of your BAS period and tick the Prevent Changes Prior to the Lock Date checkbox, and click the green Save button when you're done.



TIP

You may wonder what the purpose of setting a lock date is, especially given that anyone with the Administrator User role can remove or change this date. Personally, I find that the lock date warning acts as a helpful reminder that any changes I make to prior periods may impact activity statements that I've already lodged. The warning forces me to think about what impact my changes may have, particularly at year end.

Lodge Your BAS

When everything is spot on, you're ready to lodge your BAS — yay! If you are lodging it yourself, you can do so easily directly from within your MYOB file, where the BAS values will be prefilled for you (go to Accounting → Prepare BAS or IAS). Chapter 16 guides you through setting this up in MYOB and mapping your tax codes correctly so you can lodge your BAS from directly within your file. (Alternatively, you can lodge your BAS through your myGov account if you're connected to the ATO.)

If your bookkeeper or accountant lodges your BAS on your behalf, let them know about the great work you've done and that your BAS is now ready for them to lodge.

You definitely deserve a nice treat after all this hard work, so make time for you and enjoy a walk along the beach, take the dog down the park and listen to some great music, spend time with the family, or settle in for a meditation session.



TIP

Enjoy the moment! Meditation and mindfulness are the ideal unwind after such big efforts. MYOB has partnered with Smiling Mind to develop its Small Business Program. Designed to support the mental, emotional and physical wellbeing of business owners via the Smiling Mind app, you can access lots of different activities and find the ones that are most beneficial to you. Go to myob.com/au/comms/business/smiling-mind if you want more information so you can take advantage of this great resource to help look after yourself and, in turn, your business!

Index

A

Accounting Method, 410
accounts
 about, 425
 adding, 36–38
 adjusting numbering for, 32
 auditing, 392–393
 classifications for, 33–34
 creating adjustments, 174–175
 deleting, 40–41
 Exceptions Dashboard, 429–430
 finding transactions using, 51
 grouping under parent header, 42–44
 income, 249–250
 linked, 39
 making inactive, 41
 merging, 44
 opening balances for, 59–63
 reconciling, 425–429
 reordering, 41–42
 selecting, 176–177
 splitting expenses across multiple, 138
 Tax Review, 436–439
 Transaction Review, 430–436
 types of, 34–36
Accounts Payable, opening balance for, 60
Accounts Receivable, 57–58, 60
Accrual by Fund report, 308
accrual-basis reporting, 395
activating bank feeds, 104
Activity History, 97
advisors, inviting, 29
aging method, 157–158

allowances, 284
annual leave, paying, 302–303
App Marketplace, 18, 449
approvals, managing using MYOB Team, 344–347
apps, 18, 78–80
assessing personal use, 392
Asset accounts, 33, 34–35
auditing accounts, 392–393
Australian Business Number (ABN), 49, 81, 198–199
Australian Competition and Consumer Commission (ACCC), 161
Australian Securities and Investments Commission (ASIC), 161
Australian Taxation Office (ATO)
 about, 49
 connecting to, 286–288
 notifying of software ID, 399–400
 reporting categories for, 285
 Taxable Payments Annual Reporting (TPAR), 205–207
average cost value, 258

B

bad debt, writing off, 184–186
Balance Sheet report, 394, 412–413
balancing
 bank accounts, 117
 inventory, 264
 payroll accounts, 313–315
bank accounts
 adding, 113–114
 balancing, 117

 on Bank Transactions screen, 107
 connecting for electronic payments, 353–354
 managing, 113–117
 opening balance for, 60
 reconciling (See reconciliation)
 recording opening balances for, 223
 transferring money between, 115–116
bank charges, expense accounts for, 140
bank details, for suppliers, 49–50
bank feeds
 about, 99–100
 activating, 104
 adjusting transactions, 119–120
 allocating transactions using, 106–113
 connecting, 19, 101–104
 deleting transactions, 119–120
 how they work, 100–101
 importing transactions into MYOB, 104–106
 for managing cashflow, 447
 matching customer payments from, 158–159
 matching transactions using, 106–113
 reconciling while not using, 227–229
 reconciling with, 224–227
 troubleshooting, 117–120
 using to match supplier payments, 210–211
bank fees, mistakes with, 389

- bank file, preparing for processing, 357–359
- bank interest, tax codes and accounts for, 177
- bank loan proceeds, tax codes and accounts for, 177
- bank statements, for setting up, 15
- bank transactions, 203–204, 452
- Bank Transactions page, 134–137
- Bank Transactions report, 144–145
- baseline, for payroll, 266–268
- bills
 - receiving for items, 193–196
 - reconciling, 430–433
 - recording for services, 196–198
 - rules for, 124–126
- BPAY, 360
- Breakdown periods, 410
- browsers, recommended, 24
- Budget Management report, 415–417
- budgets, 414–417
- business
 - about, 407–408
 - budgets, 414–419
 - cashflows, 414–419
 - consolidating financial reports, 413–414
 - generating financial statements, 408–413
 - Jobs list, 419–424
- Business Activity Statement (BAS)
 - about, 395
 - amending, 398
 - configuring fields, 400–402
 - creating, 396–398
 - lodging, 459
 - lodging direct from MYOB, 399–403

- recording payment/refund, 404–405
- tasks for preparing, 451–459

Business Settings tab (Report Settings), 366

C

- calculating GST, 199
- capturing time, 329–338
- cash
 - about, 133
 - changing transactions, 144–148
 - finding transactions, 144–148
 - GST, 142–144
 - petty cash, 148–153
 - recording expenses, 134–139
 - selecting Expense accounts, 139–142
- Cash Movement report, 418–419
- Cash on Delivery (COD), 45, 161
- cash-basis reporting, 395
- cashflow
 - about, 414–415
 - generating reports, 417–419
 - managing, 443–450
 - profitability compared with, 448–449
- casuals, 283
- Chart of Accounts
 - about, 21, 31–33
 - account classifications, 33–34
 - account types, 34–35
 - adding accounts, 36–38
 - adding Income accounts, 38–40
 - creating, 31–41
 - deleting accounts, 40–41
 - enhancing, 41–44
 - grouping accounts under parent header, 42–44
 - merging accounts, 44
 - reordering accounts, 41–42

- setting up, 18–19
- setting up tax codes in, 388–389
- chasing debt, 161, 180–186
- cheques, 120
- Chrome, 24
- classifications, for accounts, 33–34
- clearing accounts, reconciling, 427
- Clock On, Clock Off Mobile type, 330
- Clock On, Clock Off - Tablet Kiosk type, 330
- closing MYOB, 26–27
- comparative reporting, 449–450
- Compare To section, of Profit and Loss report, 410
- consolidating financial reports, 413–414
- Contact Support, 18
- contacts
 - entering details for, 45–47
 - importing from other software, 48
 - managing, 50–51
 - managing details of, 50
- Contacts area, 21
- contribution of owner funds, tax codes and accounts for, 177
- copying recurring invoices, 92–93
- cost of sales, on Profit and Loss report, 408
- cost of sales accounts, 34, 35, 250
- credit cards
 - for cashing money, 182–183
 - reconciling accounts, 426
 - recording expenses, 139
 - statements for setting up, 15
- credit notes, 56, 86–88, 208
- credit terms, defining, 44–45
- creditors, reconciling, 453

- credits, matching against debits, 173
- Curtis, Veechi (author), 117
- customer accounts, 54–58, 70–172
- customer database, 47
- customer deposits, recording, 161–163
- customer notes, invoicing and, 70
- customer payments
 - changing, 168
 - deleting, 168–169
 - following trail of, 167–168
 - grouping, 163–167
 - matching from bank feeds, 158–159
- Customer Relationship Management (CRM) system, 47
- customer statements, sending, 178–180
- customers
 - cutting off non-paying, 184
 - deleting, 50–51
 - finding transactions using, 51
 - invoicing and, 70
 - matching deposits from multiple, 164–165
 - recording how much they owe, 54–56
 - setting up new, 44–48

D

- Dashboard, 23, 156, 409–410
- data, locking, 458–459
- database, customer, 47
- debits, matching credits against, 173
- debt, chasing, 161, 180–186
- debtors, reconciling, 453
- default credit terms, 44–45
- defining credit terms, 44–45

- descriptions, for bank transactions, 111
- discounts, recording, 217
- documents
 - getting into In Tray, 200–201
 - linking to bank transactions, 203–204

E

- Edge, 24
- editing rules, 128
- e invoicing
 - about, 95–96, 98
 - for managing cashflow, 444–445
 - for Sales Settings, 20
- Electronic Funds Transfer at Point of Sale (EFTPOS), 163–164
- electronic payments
 - about, 114, 349
 - checking linked accounts, 355
 - connecting bank account, 353–354
 - creating supplier payments, 355–357
 - making your first, 355–360
 - online fraud protection, 353
 - preparing bank file for processing, 357–359
 - preparing for, 350–355
 - recording employee payments, 357
 - setting up employee details, 351–352
 - setting up supplier details, 350–351
 - troubleshooting, 360–362
- email defaults, for Sales Settings, 20
- emailing invoices, 93–95
- employee essentials, expense accounts for, 140

- employee payments, recording, 357
- employee rates, entering, 278–282
- Employee Self-Onboarding, 275
- employees
 - adding, 275–284
 - adding to MYOB Team, 327–328
 - assigning to locations in MYOB Team, 335–338
 - inviting, 275–278
 - paid on a salaried basis, 272–273
 - paid on an hourly basis, 271–272
 - paying, 291–321
 - setting up details for, 351–352
 - using MYOB Team for, 338–342
- Employees area, 21
- end-of-year payroll, 316–321
- entertainment, mistakes with, 389
- equipment, expense accounts for, 140
- Equity accounts, 33
- exceptions, 436–437
- Exceptions Dashboard, 429–430
- Expense accounts
 - about, 34
 - Cost of Sales accounts compared with, 35
 - selecting, 139–142
 - specifying items to, 250
 - for suppliers, 49
- expenses
 - on Profit and Loss report, 409
 - recording, 134–139
 - set-up, 153
 - splitting across multiple accounts, 138
- Export Data settings, 17–18
- exporting, 372–373, 386

F

- files, 10, 24–27
- final accounts, for setting up, 14
- final reports, reviewing, 394
- financial reports, consolidating, 413–414
- financial statements, generating, 408–413
- financial year, 14, 17
- financing activities, cashflow from, 418
- Find Transactions menu, 145
- Firefox, 24
- first pay run, creating, 292–297
- following customer payments trail, 167–168
- footer, for reports, 375
- forensic experts, 428
- forgotten passwords, 30
- FRE tax code, 389, 390
- funds, transferring with no match, 116
- future-dated transactions, 436

G

- General Ledger report, 394, 454–455
- geolocation capability, in MYOB Teams, 335
- getting started, 8–16
- Goods and Services Tax (GST)
 - about, 381
 - assessing personal use, 392
 - auditing accounts, 392–393
 - Business Activity Statement (BAS), 395–398
 - calculating, 199
 - cash-basis compared with accrual-basis, 395
 - checking opening balances, 393–394
 - claiming on unpaid supplier bills, 188

- configuring activity statement fields, 400–402
- creating query codes, 386–387
- exporting goods to foreign lands, 386
- GST-free compared with non-reportable, 382
- input-taxed sales/purchases, 385–386
- lodging BAS directly from MYOB, 399–403
- managing transactions when GST isn't 10%, 389–392
- meeting requirements for, 80–82
- notifying ATO of software ID, 399–400
- petty cash and, 153
- recording payment/refund, 404–405
- reviewing final reports, 394
- selecting tax codes, 387–392
- setting up tax codes in Chart of Accounts, 388–389
- tax codes, 142–143, 383–387, 388, 390
- transactions and, 382
- government charges, 140, 389
- gross profit, on Profit and Loss report, 408–409
- grouping customer payments, 163–167
- GST report, 394, 456
- GST Return report, 394
- GST-free supplies, 382

H

- header, for reports, 375
- header accounts, 42–44
- hire purchases/leases, expense accounts for, 140
- Historical Balancing account, 62
- historical invoices, 54–58
- historical purchases, 58–59

I

- IAS payment/refund, recording, 404–405
- icons, explained, 2–3
- identifying starting point for reconciliation, 229–230
- Import Data settings, 17–18
- importing, 48, 104–106
- In Tray
 - about, 200
 - getting documents into, 200–201
 - linking documents to bank transactions, 203–204
 - for managing cashflow, 447–448
 - tips for, 204–205
 - working through, 201–202
- income
 - about, 155–156
 - alternate payment gateways, 186
 - changing customer payments, 168
 - chasing debt, 161, 180–186
 - creating account adjustments, 174–175
 - credit cards, 182–183
 - cutting off customers, 184
 - deleting customer payments, 168–169
 - following customer payments trail, 167–168
 - grouping customer payments, 163–167
 - invoice reminders, 181–182
 - managing overpayments, 170–173
 - managing underpayments, 169–170
 - matching credits against debits, 173
 - matching customer payments from bank feeds, 158–159

- matching deposits from
 - multiple customers, 164–165
- matching transactions, 159–161
- matching transactions using Undeposited Funds account, 165–167
- on Profit and Loss report, 408
- QR codes, 184
- recording customer deposits, 161–163
- recording from non-customers, 175–176
- selecting accounts, 176–177
- sending customer statements, 178–180
- types of income accounts, 178
- viewing how much you're owed, 156–158
- writing off bad debt, 184–186
- income accounts, 34, 38–40, 178, 249–250
- Income Allocation setting, 17
- input-taxed sales/purchases, managing, 385–386
- input-taxed supplies, 382
- insurance, 177, 389
- inventory
 - balancing, 264
 - managing, 255–258
 - opening balances for, 63–65
 - reconciling, 433–434
 - stocktaking, 263–264
 - troubleshooting, 434–435
- inventory accounts, specifying items to, 250
- Inventory Value Reconciliation report, 257
- investment activities, cashflow from, 417
- invoice reminders, 181–182, 445
- invoices
 - changing, 84–86
 - creating recurring, 90–91
 - deleting, 84–86
 - emailing, 93–95
 - reconciling, 430–433
 - rules for, 124–126
 - uploading, 111–112
- invoicing activity, for managing cashflow, 446–447
- Item Sales Analysis report, 257
- items
 - about, 243–245
 - adding to Items List, 245–253
 - adjusting, 255
 - adjusting cost of, 261–262
 - adjusting quantity of, 259–261
 - buying, 248–249
 - creating, 245–248
 - deleting, 255
 - managing, 243–264
 - selling, 248–249
 - tracking, 248–249
- Items area, 22
- Items List, 70–73, 245–254
- Items Register report, 254, 257

J

- Jobs list, 419–424
- Journal Security Audit report, 428

L

- leave items, 271–273
- leave payments, 301–306
- leave requests, 340–342, 347
- legal issues, for chasing debt, 161
- liability accounts, 33, 36
- linked accounts, 39, 267–268, 355
- linking in Tray documents, to bank transactions, 203–204
- loan accounts, reconciling, 427–428
- locations, in MYOB Team, 329–338

- locking data, 458–459
- lodging BAS, 459
- logging in, 24–26, 80, 340–341

M

- managers, assigning to locations in MYOB Team, 335–338
- merchant fees, mistakes with, 389
- merging accounts, 44
- miscellaneous expenses, expense accounts for, 140
- moprotor vehicle expenses, expense accounts for, 140
- My Account, 18
- MYOB
 - closing, 26–27
 - lodging Business Activity Statement (BAS) direct from, 399–403
 - logging in, 24–26, 80
- MYOB AccountRight, 8, 9, 11, 119–120
- MYOB AccountRight Premier, 9
- MYOB Business
 - about, 7–8
 - choosing plans, 9–10
 - components of, 21–22
 - connecting bank feeds, 19
 - Dashboard, 23
 - finding files online, 24–27
 - forgotten passwords, 30
 - getting started, 8–16
 - getting started guides, 15–21
 - inviting others to access, 27–29
 - payroll, 21
 - preparing for sales, 19–20
 - setting priorities, 23–24
 - setting up, 12–14
 - setting up Chart of Accounts, 18–19
 - settings for, 16–18
 - starting with new files, 10
 - suppliers, 20

MYOB Business Lite, 9
MYOB Business Pro, 9
MYOB Invoice app, 78–80
MYOB Pay Super, 289–290,
309–310
MYOB Team
about, 323
adding employees, 327–328
creating rosters, 342–344
for employees, 338–342
getting started with, 324–328
locations in, 328–338
managing approvals using,
344–347
time capture in, 328–338
viewing rosters, 342–344
MYOB Team Kiosk app, 331

N

net profit, on Profit and Loss
report, 409
non-customers, recording
money from, 175–176
non-reportable
transactions, 382
notes to customers, for Sales
Settings, 20
notifying ATO of software ID,
399–400
N-T tax code, 389, 390

O

office repairs, expense accounts
for, 140
online fraud, 353
Online Invoice Payments (OIP),
80, 182–183, 186, 444
opening balance date, 54
opening balances
about, 53
account, 59–63
checking, 393–394
customer, 54–58
historical invoices, 54–58

historical purchases, 58–59
inventory, 63–65
supplier, 58–59
opening stock counts,
entering, 251
operating activities, cashflow
from, 417
Origin, 360
Other Expenses accounts, 34
Other Income accounts, 34
overpayments, 170–173,
215–216
overtime rates, 284

P

page layout, for reports, 375
parent header, grouping
accounts under, 42–44
parent header accounts, 42–44
part-payments, recording, 217
part-timers, 283
passwords, forgotten, 30
Pay As You Go (PAYG) tax,
311–313
Pay as You Go Withholding
(PAYGW), 312–313
pay items, setting up, 268–275
Payables Reconciliation with Tax
report, 209
Payment Details, completing,
282–283
payments, for Sales Settings,
19–20
payroll
about, 265, 291
adding employees, 275–284
adjusting pays, 299–301
ATO reporting categories, 285
balancing payroll accounts,
313–315
catching up on what's owed,
303–304
checking linked accounts,
267–268
checking payroll data, 317–319

checking super pay items,
273–275
checking tax tables, 312
completing payment details,
282–283
connecting to ATO, 286–288
creating first pay run, 292–297
creating standard pay
templates, 283–284
creating wage pay items,
269–271
deleting pays, 299–301
end-of-year, 316–321
entering employee rates and
details, 278–282
fixing leave, 305–306
inviting employees onboard,
275–278
looking up previous pay runs,
298–299
making superannuation
payments using MYOB Pay
Super, 309–310
managing leave payments,
301–306
Pay as You Go Withholding
(PAYGW), 312–313
paying annual leave, 302–303
paying personal leave,
302–303
preparing to pay
superannuation, 289–290
preparing timesheets, 292
processing first pay, 292–301
processing STP finalisation,
319–321
reconciling, 457
recording tax payments, 313
reporting how much
superannuation you owe,
308–309
reversing pays, 299–301
reviewing leave items, 271–273
setting baseline for, 266–268
setting up, 21
setting up pay items, 268–275

- setting up single touch, 285–288
- settings for, 266–267
- superannuation for subcontractors, 311
- superannuation payments, 307–311
- termination pay, 315–316
- tips and tricks for, 297–298
- troubleshooting accounts, 314–315
- withholding PAYG tax, 311–313
- payroll accounts, reconciling, 429
- Payroll Activity report, 308
- Payroll Register report, 394
- Payroll Settings, 17
- Period and Dat From/Date To, on Bank Transactions screen, 108
- personal card, 149–150
- personal items, mistakes with, 390
- personal leave, paying, 302–303
- personal spending, expense accounts for, 140, 141
- personal use, assessing, 392
- petty cash, 148–153, 30, 426
- plans, choosing, 9–10
- PO numbers, invoicing and, 70
- prepaid terms, 45
- prepaid transactions, 436
- previewing invoices, 93
- prices, toggling views of, 82
- pricing to sell, 256
- priorities, setting, 23–24
- processing STP finalisation, 319–321
- Profit and Loss report, 394, 408–411
- profitability, 409–410, 448–449
- purchase orders, 189–193
- purchases
 - about, 187–189

- applying supplier payments manually, 211–213
- applying supplier returns, 218–219
- calculating GST, 199
- changing, 208–209
- checking supplier ABNs, 198–199
- creating purchase orders, 189–193
- deleting, 207–208
- deleting supplier payments, 217–218
- entering credit notes, 208
- getting documents into In Tray, 200–201
- items, 248–249
- linking In Tray documents to bank transactions, 203–204
- looking up payments and, 214–215
- maintenance tricks, 219
- placing supplier deposits against purchase orders, 193
- receiving bills for items, 193–196
- recording bills for services, 196–198
- recording overpayments, 215–216
- recording part-payments or discounts, 217
- recording supplier bills, 193–199
- recording supplier payments, 209–210
- reports for, 209
- sending purchase orders, 192
- sending remittance advices, 213–214
- Taxable Payments Annual Report (TPAR), 205–207
- tips for using In Tray, 204–205
- In Tray, 200–205

- using bank feeds to match supplier payments, 210–211
- working with In Tray, 201–202
- Purchases Settings, 17

Q

- QR codes, 184
- quantity of items, adjusting, 259–261
- QUE tax code, 389
- Queries to Code account, 142, 176
- query codes, creating, 386–387
- quotes, working with, 88–89

R

- raising credit notes, 86–88
- receipts, uploading, 111–112
- Receivables Reconciliation with Tax report, 156, 157–158
- receiving bills for items, 193–196
- reconciliation
 - about, 221–222, 425–426
 - bank accounts, 458
 - with bank feeds, 224–227
 - clearing accounts, 427
 - credit card accounts, 426
 - entering missing transactions, 231
 - identifying starting point for, 229–230
 - loan accounts, 427–428
 - locating transactions that disappear, 230–231
 - managing transactions that happened the day before, 223–224
 - payroll accounts, 429
 - petty cash, 426
 - preparing for, 222–224
 - recording bank opening balances, 223
 - recordkeeping, 238–239

- reconciliation (*continued*)
 - resolving unmatched transactions, 232–233
 - tips and tricks for, 234–238
 - troubleshooting, 229–233
 - undeposited funds, 426
 - undoing, 236–238
 - when not using bank feeds, 227–229
- recordkeeping, importance of, 238–239
- recurring invoices, 92–93
- refunds, sending, 172–173
- Remember icon, 2
- reminders, for Sales Settings, 20
- remittance advices, sending, 213–214
- removing transactions, 146
- Reorder report, 256
- reordering accounts, 41–42
- repeat sales, setting up, 90–93
- report packs, 376–380
- Report Settings, 17
- reporting period, adjusting, 410
- reports
 - about, 365
 - adding personal touches to, 373–376
 - categories for ATO, 285
 - creating report pack templates, 377–378
 - customising, 367–370
 - exporting, 372–373
 - generating, 367–373
 - generating report packs, 379–380
 - inserting additional layers of data, 371–372
 - to maintain stock control, 256–257
 - saving customisations, 370
 - settings for, 365–367
 - streamlining with report packs, 376–380
 - style templates, 373–375

- styling, 375–376
- superannuation, 308–309
- reversing pays, 299–301
- reviewing final reports, 394
- roles, assigning to users, 27–29
- rosters, 342–344
- rules
 - about, 99–100, 120–121
 - applying allocation templates, 130–132
 - for bills, 124–126
 - changing transactions due to, 127
 - creating, 121–124, 126–127
 - creating allocation templates, 129–130
 - deleting, 128
 - editing, 128
 - how they work, 100–101
 - for invoices, 124–126
 - troubleshooting, 128–129

S

- sales
 - about, 69
 - Active History, 97
 - changing invoices, 84–86
 - changing recurring invoices, 92–93
 - copying recurring invoices, 92–93
 - creating recurring invoices, 90–91
 - deleting invoices, 84–86
 - einvoicing, 95–96, 98
 - emailing invoices, 93–95
 - GST requirements, 80–82
 - invoicing with Services layout, 77–78
 - logging in to MYOB for invoicing, 80
 - looking things up, 83–84
 - previewing invoices, 93
 - quotes, 88–89

- raising credit notes, 86–88
- recording automatically, 91–92
- recording your first, 69–78
- sales orders, 88–89
- sending customer invoices, 93–98
- setting up repeating, 90–93
- setting up services in Items List, 70–73
- tax an, 81–82
- tooggling price views, 82
- troubleshooting invoices, 83–88
- using MYOB Invoice app, 78–80
- using Services and Items layout, 73–77
- sales orders, working with, 88–89
- Sales Settings, 17, 19–20
- saving report customisations, 370
- Search, on Bank Transactions screen, 109
- security
 - bank feeds, 103
 - forgotten passwords, 30
 - online fraud, 353
 - payroll, 301
 - of petty cash, 150–152
- Service and Items layout, for invoicing, 70
- services
 - recording bills for, 196–198
 - setting up in Items List, 70–73
- Services and Items layout, using for invoicing, 73–77
- Services layout, 70, 77–78
- settings
 - for MYOB Business, 16–18
 - for payroll, 266–267
 - priorities, 23–24
 - for reports, 365–367
- set-up expenses, 153

- Single Touch Payroll (STP), setting up, 285–288
 - Small Business Superannuation Clearing House (SBSCH), 290
 - software, importing contacts from other, 48
 - Software as a Service (SaaS), 3, 7
 - software ID, notifying ATO of, 399–400
 - Spend Money menu, for recording expenses, 137–138
 - standard pay templates, creating, 283–284
 - starting new MYOB files, 10
 - starting point, identifying for reconciliation, 229–230
 - Statement of Cash Flow report, 417–418
 - Status, on Bank Transactions screen, 108
 - Stock on Hand report, 257
 - stock purchases, expense accounts for, 141
 - stocktaking, 263–264
 - storing transactions, 22
 - STP finalisation, 319–321, 457
 - style templates, for reports, 373–375
 - styling reports, 375–376
 - subcontractors, 141, 311
 - super pay items, 273–274
 - superannuation
 - about, 273–274
 - expense accounts for, 141
 - payments using MYOB, 307–311
 - preparing to pay, 289–290
 - for subcontractors, 311
 - Superannuation Guarantee (SG), 308
 - supplier bills, 193–199, 447–448
 - supplier deposits, placing against purchase orders, 193
 - supplier opening balances, 58–59
 - supplier payments
 - about, 187–189
 - applying manually, 211–213
 - applying supplier returns, 218–219
 - calculating GST, 199
 - changing purchases, 208–209
 - checking supplier ABNs, 198–199
 - creating, 355–357
 - creating purchase orders, 189–193
 - deleting, 217–218
 - deleting purchases, 207–208
 - deleting supplier payments, 217–218
 - entering credit notes, 208
 - getting documents into In Tray, 200–201
 - linking In Tray documents to bank transactions, 203–204
 - looking up payments and, 214–215
 - maintenance tricks, 219
 - placing supplier deposits against purchase orders, 193
 - receiving bills for items, 193–196
 - recording, 209–210
 - recording bills for services, 196–198
 - recording overpayments, 215–216
 - recording part-payments or discounts, 217
 - recording supplier bills, 193–199
 - recording supplier payments, 209–210
 - reports for, 209
 - sending purchase orders, 192
 - sending remittance advices, 213–214
 - Taxable Payments Annual Report (TPAR), 205–207
 - tips for using In Tray, 204–205
 - In Tray, 200–205
 - using bank feeds to match, 210–211
 - working with In Tray, 201–202
 - supplier refunds, tax codes and accounts for, 177
 - supplier returns, applying, 218–219
 - supplier statements, for setting up, 15
 - suppliers
 - adding, 48–50
 - deleting, 50–51
 - finding transactions using, 51
 - mistakes with, 390
 - setting up, 20
 - setting up details for, 350–351
 - Suspense (or Queries to Code) account, 452–453
- ## T
- Tax Code Exception report, 436–437
 - tax codes
 - about, 39, 81–82, 383
 - configuring, 384–385
 - creating query codes, 386–387
 - exporting goods to foreign lands, 386
 - input-taxed sales/purchases, 385–386
 - selecting, 142, 387–392
 - setting up in Chart of Accounts, 388–389
 - tax returns, for setting up, 14
 - Tax Review, 436–439
 - Taxable Payments Annual Reporting (TPAR), 49, 205–207
 - taxable supplies, 382

taxes
code on invoices for, 81–82
expense accounts for, 141
recording payments, 313
tax codes and accounts for
refunds, 177
tax tables, 312
Technical Stuff icon, 3
Telstra, 360
templates, 19, 373–375
termination pay, recording,
315–316
time, capturing, 329–338
Time Billing feature, MYOB
Team and, 332
timesheets, 292, 331, 340–342,
344–346
Tip icon, 3
tools, for managing cashflow,
443–450
Transaction Review, 430–436
transactions
allocating using bank feeds,
106–113
changing, 127, 144–148
entering missing, 231

finding, 51, 144–148
finding ones that disappeared,
230–231
managing unmatched,
232–233
managing when GST isn't 10%,
390–392
matching, 159–161
matching using bank feeds,
106–113
recording mixed, 143–144
removing, 146
storing, 22
troubleshooting, 117–118
Transfers Clearing Account,
116
travel, 141, 389–390
two-factor authentication
(2FA), 26

U

Undeposited Funds account,
165–167, 426
underpayments, managing,
169–170
undoing reconciliation, 236–238

unmatched transactions,
managing, 232–233
Unpaid Bills report, 209
Unpaid Invoices report, 156,
157–158, 446
uploading invoices/receipts,
111–112
User Preferences tab (Report
Settings), 366
users, 27–29
Users settings, 17

V

View PDF button, 93

W

wages, expense accounts
for, 141
Warning icon, 3
watermark, for reports, 375
withholding PAYG tax, 311–313
workers comp claim proceeds,
tax codes and accounts
for, 177
writing off bad debt, 184–186

About the Author

Sonya Prosper is a teacher at heart and she is fuelled by her passion for helping others reach their potential and realise their dreams. Her career, which began with teaching high school kids maths, now sees her helping adults of all ages with running small businesses. Her insights as a business owner and bookkeeper over the years have shown her how important understanding a business's financials are (assuming they are all correct, of course!) to truly help a business succeed and achieve.

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Sonya believes in the power of knowledge. She witnesses its impact every day as she helps people acquire new skills and understanding in pursuit of their business goals. Feel free to send Sonya a message or a question about this book via her website at prosperinbusiness.com.au.

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