

A Step by Step Approach to Set up and operate a Computerised Accounting System using MYOB AccountRight v19

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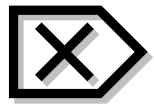
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Please note:

The information in this workbook is accurate at the time of revision [June 2011] only. Because legislation and associated websites are constantly changing, URL's and screen dumps of websites in this workbook may have changed.



Unit 16:

Setting up a Data File



Learning Outcomes

On completion of this unit you will be able to:

- set up an MYOB data file for an accrual accounting system;
- identify relevant information required;
- establish an Accounts Lists which meets the needs of the business;
- enter general ledger opening balances;
- enter unrepresented cheques on conversion data;
- enter customer opening balances;
- enter supplier opening balances; and
- enter inventory opening balances.

This unit covers the following performance criteria:

- Element 1.1 The general ledger and chart of accounts are implemented in accordance with organisational requirements, procedures and policies*
- Element 1.2 Customers, suppliers and inventory items are set up in the system to meet organisational requirements and the reporting requirements of Goods and Services Tax (GST)*
- Element 3.3 The chart of accounts is customised to meet the reporting requirements of the organisation.*

About Brocks Tyreworld



Angus Brock set up his tyre business in Carsdale 6 months ago. Angus leases premises, has taken out a Bank Loan to buy stock [tyres] and equipment and has recently installed MYOB AccountRight Plus V19 as his accounting software package.

Angus in consultation with his accountant has decided to keep an ACCRUAL ACCOUNTING SYSTEM, printing sales invoices in MYOB. Customers either pay for tyres and services by cash, cheque, EFTPOS or have an account.

After discussing terms with his accountant, he has decided to offer customers:

- credit terms of 30 days from the date of the invoice
- 2.5% cash discount if paid within 7 days [offered to account customers only].

Most of his suppliers offer credit terms of payment at the end of the month following the invoice date. Angus can receive a rebate if purchases reach certain targets.

Angus has decided to inventory tyres on hand [perpetual inventory], however uses physical inventory methods for tyre accessories.

Angus has registered “**Brocks Tyreworld**” as his business name. He has obtained an ABN and registered for GST, reporting GST monthly on a CASH BASIS.

Angus is a **SOLE TRADER**. He requires a Tax File Number and his business requires an ABN. He is the only owner and because he is trading in a name other than his own legal name, “Brocks Tyreworld” must be registered with the Office of Fair Trading under the Business Names Act.

Sole Traders have an unlimited liability. If the business is sued, not only are the business assets at risk but the sole trader’s personal assets are also available to creditors. His business is regarded as a separate entity, therefore his business file only contains information relating to his business. Personal dealings are not included in “Brocks Tyreworld” accounting records. His business “Brocks Tyreworld” is not taxed, however the profit from his business is included in his individual tax return and taxed at the marginal tax rate.

The **Equity** section of the **Balance Sheet** will look like this:

Owner’s Equity

Capital [Angus Brock]	\$64,055.00	
Plus Net Profit	<u>\$30,000.00</u>	
	\$94,055.00	
Less Drawings [Angus Brock]	<u>-\$5,000.00</u>	<u>\$89,055.00</u>

Capital is the amount invested by Angus Brock.

Drawings is the amount of money withdrawn from the business [to live on].

Business Activities

Brocks Tyreworld will carry out the following trading and service **activities**:

- purchase and sale of tyres;
- fitting of tyres including balancing;
- tyre repairs; and
- run training sessions on car care including changing tyres.

All activities meet ISO 14001 Environmental Management Systems guidelines – recycle and reduce waste, use equipment that reduce noise and sell tyre designs that have lower rolling resistance and use less fuel.

BROCKS TYREWORLD

Accounting Policies and Procedures

Accounting Procedures:

The Accounts of Brocks Tyreworld are kept on an Accrual Accounting System, registered for GST and reports monthly on a Cash Basis.

Cash Receipts Procedures:

- 1 Angus and the bookkeeper are the only personnel authorised to handle cash receipts.
- 2 A Tax Invoice is printed for each sale using MYOB AccountRight Plus v 19. Cash, cheques and EFTPOS payments are recorded in MYOB immediately upon receipt.
- 3 At the end of each day, the cash, cheques and EFTPOS are reconciled with the data in MYOB.
- 4 All cash and cheques received are banked daily.
- 5 EFTPOS is credited to Bank Statement the following day.

Customer Billing Procedures:

- 1 A Credit Application form needs to be completed before sales on credit are permitted. Credit References are checked for reliability of payment.
- 2 Accounts will only be offered to regular customers.
- 3 A Tax Invoice will be printed at the time of sale and handed to the customer to maximise customer satisfaction. Before processing a new sale to an existing customer, overdue accounts are checked. If accounts are more than 60 days overdue, a hold is placed on their account until payment is up to date.
- 4 Customer enquiries and complaints are handled immediately in a professional manner.
- 5 Statements are printed at the end of each month.
- 6 Fitting and balancing is charged per tyre.
- 7 Tyre repairs are charged according to time spent and materials used using Job Cards as the source document.
- 8 Car Care training invoices are sent to the local Community College.

Cash Payment Procedures:

- 1 The chequebook is kept in the safe.
- 2 Petty Cash is kept in a locked Petty Cash Box.
- 3 All invoices received are checked for accuracy before payment is made.
- 4 Payment details are written on each source document.
- 5 All source documents are filed in a monthly folder.

Purchasing Procedures:

- 1 Angus personally purchases all supplies required by his business. Orders for tyres are usually entered in MYOB as an order, printed and faxed or emailed to the supplier. Most tyres and accessories are purchased from Best Tyres.
- 2 At the time of delivery of goods, Angus receives a printed invoice listing all items and total cost of materials purchased. This is checked for accuracy against the original order and supplier's Price List.
- 3 Best Tyres sends a statement at the end of the month. Angus checks this statement with the invoices received at the time of the purchase. Angus is expected to pay the amount owing for the month by the end of the following month. No discounts are allowed. If purchases reach a goal, rebates can be received.

Inventory Procedures:

- 1 Stock items are given the same item number as the supplier's number.
- 2 All tyres are inventoried. Accessories are not inventoried.

Employees:

All work is being carried out by Angus. A receptionist/bookkeeper is employed full-time to run the office

Setting up the MYOB data file

Following discussions with his accountant, the Accounts List [also known as a Chart of Accounts] will be created to enable the following:

- On a monthly basis, a Profit and Loss [Statement of Financial Performance] can be printed so that Angus knows how his business is performing.
- On a monthly basis, a Balance Sheet [Statement of Financial Position] can be printed.
- GST reports on a Cash Basis and Business Activity Statement can be printed.
- Financial Reporting ie Profit and Loss, Balance Sheet and Statement of Cash Flow will meet Australian Accounting Standards.
- The data file will provide all the information required for Income Tax purposes.

☞ **You will now create a new data file for Brocks Tyreworld commencing on 1 June of your financial year.**

[Instructions are given for MYOB AccountRight Plus V19. If using MYOB AccountEdge V9, similar instructions will apply.]



- (i) Select the MYOB shortcut to “**MYOB AccountRight Plus V19**”.
- (ii) Select “**Create a new company file**”.
- (iii) You are now in the “**New Company File Assistant**” window.
Read the message and click on “**Next**”.
- (iv) In this workbook, do **NOT** key in a Serial Number.
- (v) Key in the Company Information.
 - (a) Key in the business name “**Brocks Tyreworld – your name**”.
 - (b) Press “**TAB**” to move to the next field.
 - (c) Key in the following ABN “**35933853286**”.
 - (d) Key in the address – 121 Main Street, Carsdale Qld 4350
 - (e) **CLICK** on “**Next**”.

- (vi) Read the details regarding your **accounting year** very carefully.

In this UNIT, your data file is being created to commence on the **1st June of your current financial year.**

Modify your accounting year to reflect the above conversion date. Your window should look like this:

Tell us about your accounting year

A financial year is the 12 month timeframe used to define your accounting year. It does not have to match the calendar year. What is your financial year?

Current Financial Year:

When does your current financial year end?

Last Month of Financial Year:

AccountRight Plus requires that you choose a conversion month. The conversion month is the month in which you choose to begin entering transactions. What is your conversion month?

Conversion Month:

Most companies use 12 accounting periods for reporting purposes. A few use a 13th period to record adjustments. Which do you prefer?

Number of Accounting Periods:

Period 13 will be used for accounting adjustments.

The month must be JUNE.

Click on “**Next**”

- (vii) Check your setup information carefully.

Click on “**Next**”
or

Click on “**Back**” to correct any information.

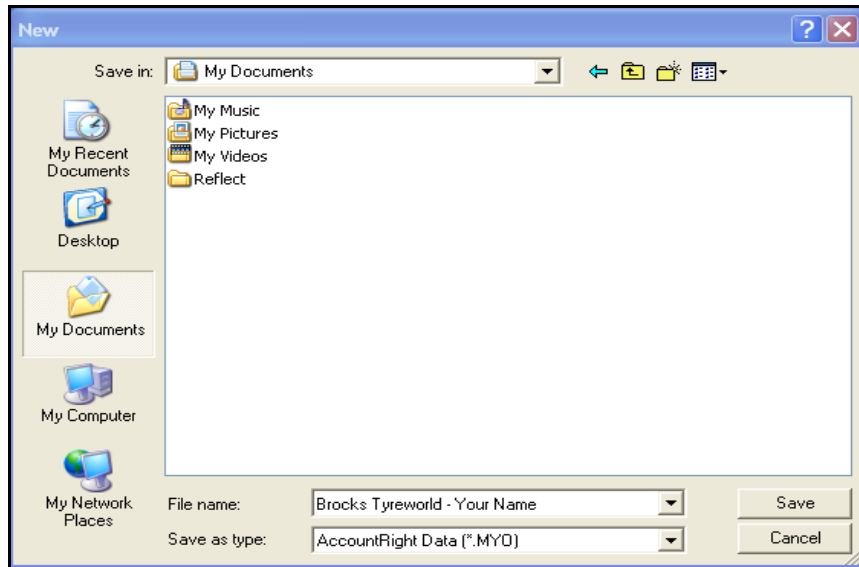
- (viii) MYOB provides starter **Accounts Lists** for a large number of business types to choose from. Each business has an Accounts List template already set up.

In this exercise, select “**I would like to build my own accounts list once I begin using MYOB**”.

Click on “**Next**”

- (ix) Read the next screen regarding “**naming your data file**” and “**where to save the file**”.

Select “**Change**” and change your data file name and file location according to the instructions of your supervisor.



- (x) Click on “**Save**”, then “**Next**”
- (xi) Select “**Command Centre**”.

Customising your data file

You will now customise the file to meet the needs of the business. *[Make sure you have read the Policies and Procedures of Brocks Tyreworld.]*

- (i) Select “**Setup**” in the Menu Bar.
- (ii) Select “**Preferences**”.
- (iii) Brocks Tyreworld requires the preferences on the following page.
- (iv) Select “**Windows**” TAB and select the following:

