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An industry-specific guide
for your MYOB software

MYOB®

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Teachers, colleges and schools have many specific requirements when running their accounts. They need to be able to issue student receipts, keep details of student listings, track bonds held, generate reports on grants received and much more. In this guide, you'll find practical solutions to all these issues, along with lots of ideas and tips on the best way to set up your MYOB software.

You might be a private school, community college, adult training provider, conservatorium or a bible college. Maybe you're a private tutor, with your own business or perhaps running a tutoring franchise. Maybe you're a pre-school or childcare centre, running MYOB software in conjunction with independent childcare centre software. This guide covers all these scenarios.

Throughout this guide, you'll also come across **case studies** where you can read about real-life examples of people working in education. Browse through these case studies to get the big picture of how MYOB software can work for you, and to discover new tips and ideas.

For private tutors or small training businesses with no employees, either MYOB BusinessBasics (for Windows) or MYOB FirstEdge (for Macs) provide a perfect starting point. However, if you need advanced financial reports, purchases or inventory reporting, then MYOB Accounting (for Windows) is your best bet.

For schools or colleges, either MYOB Accounting Plus, MYOB Premier (for Windows) or MYOB AccountEdge (for Macs) provide the most suitable solution. MYOB Accounting Plus includes payroll, whereas MYOB Premier and MYOB AccountEdge provide multi-user capability, meaning that more than one person can work in the software at a time.

Whichever product you choose, if you want to upgrade to another product that's 'further up the family tree', you can do so at any time. You don't need to buy the new software from scratch; you simply pay an upgrade price.

For more information about these MYOB products, please visit **www.myob.com.au/products/** .

The following five steps are a brief guide to getting started, highlighting important information specific to education and training.

Creating your accounts list

When you create the company file for your business, the New Company File Assistant asks you to Build Your Accounts List, giving you the option of starting with a standard list. There are several templates relevant to education, including day care centres, educational funds, educational institutions, instructional lessons and non-profit organisations. These templates provide sample lists of accounts and are a good starting point. Don't worry if you can't find an accounts list that is perfect - you can add, change or delete as many accounts as you like.

Reviewing your accounts list

Before entering your opening balances, you need to adapt your accounts list so that it suits the unique needs of your business.

Your accounts list is a list of categories to which you allocate all transactions. There are eight major account categories (or, for MYOB BusinessBasics and MYOB FirstEdge, there are six categories).

Account Category	What it means
Assets	Things you own, or that people owe you. Includes bank accounts, outstanding student fees and new equipment. Asset account numbers start with **1**.
Liabilities	What you owe to other people. Includes loans, taxes payable, student bonds held and outstanding supplier accounts. Liability account numbers start with **2**.
Equity	This is the profit or loss that the business or school has made since its inception. Examples of equity accounts include retained profits, partners' drawings, or capital contributions. Equity account numbers start with **3**.
Income	Money in! Everything you invoice to your students. Income account numbers start with **4**.
Cost of sales	Cost of sales are any direct costs. Goods you buy for resale (such as books, violin strings or uniform) go here. Cost of sales account numbers start with **5**.
Expenses	Overheads. The day-to-day running costs of your business or school. Includes teachers' wages, electricity, repairs, teaching aids, and so on. Expense account numbers start with **6**.
Other Income	Extraordinary income that is not part of normal operations. Could include compensation income, capital gains or interest income. Other Income account numbers start with **8**. This account category is not available in MYOB BusinessBasics or MYOB FirstEdge.
Other Expenses	Extraordinary expenses that are not part of normal operations. Could include lawsuit expenses, capital losses, or fire damage costs. Other Expenses account numbers start with **9**. This account category is not available in MYOB BusinessBasics or MYOB FirstEdge.

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Checking your preferences

You can customise all MYOB software so that it works for your business the way you want it to. You can do everything from changing the appearance of your windows, to automatically requesting a backup prompt each time you quit the program. It all happens via the **Preferences** window.

To review your preferences, go to the **Setup** menu, choose **Preferences** and then explore the **System**, **Windows**, **Reports & Forms**, **Banking**, **Sales**, **Purchases** and **Security** tabs. Remember—your choice of preferences does not commit you to this for ever and ever, for you can change your preferences at any time.

One preference setting is recommended, especially for new users. Make your company file *changeable*. If you make mistakes, you can correct them, without needing to make complicated reversing journals. To do this, go to the **Security** tab in the **Preferences** window. Clear the **Transactions CAN'T be Changed; They Must be Reversed** checkbox.

Setting up opening balances

To enter opening account balances, go to the **Setup** menu, choose **Balances**, and then **Account Opening Balances**. To enter opening balances for outstanding student accounts, go to the **Setup** menu, choose **Balances**, and then **Customer Opening Balances**. To enter opening balances for outstanding supplier accounts, go to the **Setup** menu, choose **Balances**, and then **Supplier Opening Balances**.

To get up and running, you only need to enter opening balances for a few accounts. Bare essentials will probably include your bank account and any student fees outstanding. Your opening account figures won't balance, but this out of balance amount simply goes to the Historical Balancing account. You or your accountant can fix this later.

Getting ready to go

Before you start entering transactions, work out how you intend to back up your company file. If your file is going to contain very few transactions, you may be able to fit your backup onto floppy disk. Otherwise, you'll need to have a CD burner or a zip drive.

You might have been lucky so far, but *nobody* can guarantee continued immunity to power surges, theft, fire or hard disk failure. If you don't organise a backup system now, you'll probably forget about it until it's too late—and then you'll be sorry.

Setting up your student lists

You can use MYOB software for recording all student contact details and, once you get into the swing of things, you can divide students into groups or categories so that you can print class rolls and course listings.

Splitting students into classes and groups

If you go into a student's card and click the **Card Details** tab, you'll see that you can categorise students using both custom fields and lists. At first, it may not be obvious how to take advantage of this feature, but here are some of the ways other schools and colleges use custom lists to organise their students:

- Students are grouped according to what class they're in, so that the school can print class roll listings.

- Students are grouped according to what course they've enrolled in, so that schools can analyse total enrolments for each type of course.

- Students are grouped according to what instrument they learn, or what grade they're on.

- Students are grouped according to their teacher, or to the day of the week they have their lesson.

Create customer groups using the custom lists feature

Here's how to set up student groups in practice:

1. First decide how you're going to group your students, e.g. by class, by course, by teacher, etc.

2. Go to the **Lists** menu, choose **Custom List & Field Names**, and then choose **Customers**.

3. Change the descriptions of **Custom List #1** (and **Custom List #2** and **#3** if desired) to indicate the way you're going to group students, for example, by changing the name of **Custom List #1** to Course. Click **OK**.

4. Return to the **Lists** menu, choose **Custom Lists** (not **Custom List & Field Names**!) and then choose **Customers**. Now add the categories that you want to appear in each student group. For example, within the group of Course, you might add entries for Computing I, Advanced French and Local History. Click **OK**.

5. Go to your **Cards List**, double-click a customer who you want to allocate to a group, and click the **Card Details** tab. Select the appropriate categorisations from the **Custom Lists**.

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Printing class or subject listings

Once you have divided students into different custom groups, you can start generating reports that take advantage of this additional information.

For listings of all students, you're usually best to display the Card List Summary report. To display the custom fields in this report, click **Customise** and then the **Report Fields** tab. Select the custom list and fields required (or if you are using MYOB BusinessBasics or MYOB FirstEdge click the **Design** button in the **Customise** window to select the lists and fields). To view and sort your student list in Microsoft Excel, click **Send To**, and then choose **Excel** from the menu that appears. (This feature is not available in MYOB BusinessBasics or MYOB FirstEdge.)

If you want to generate listings for course enrolments and you've already generated sales for these enrolments, display the Sales Customer Summary report, and then click **Customise** to select the appropriate **Custom List** for each course.

Setting up families with more than one child

Many schools have families with more than one child enrolled in the school. If you want to keep a record of contact details and other information separately for each child, you can create a card for each child as well as a card for each family.

Using MYOB software for your student database

Many schools and colleges find that they can record all their student information in their MYOB company file, without the need for a separate database. A card has room to record up to five addresses, and for each address you can store three phone numbers, a fax number, an email address, a web address, a contact name, and the name to whom mail merge letters should be addressed. You can store special comments in **Notes,** and you can organise students into groups (such as class, subject or teacher), using custom fields and lists.

In most situations, MYOB software can double as your student database

However, if you need to maintain a lot of very specific information about your students, such as immunisation or health records, it may be more appropriate to operate a separate database. This is an important decision about which you'll probably need to consult with your colleagues first.

If you do decide to maintain a student database separate from your MYOB company file, don't waste valuable time typing student details once into your accounts and once into this database. With the help of MYOB DeveloperPack (for Windows only) you can synchronise your MYOB company file with your student database so that the exchange of information is automated, without the need for anything to be recorded twice. For more details about MYOB DeveloperPack, visit **http://d2d.myob.com.au/** .

Student accounts and receipts

Probably the biggest headache for most schools and training providers is keeping track of student fees, receipts and bonds. Fortunately, MYOB software makes it easy to manage all these things.

Creating student accounts

To create an account for student fees, go to the **Sales** command centre and click **Enter Sales** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Sales** command centre, click **Sales Register** and then click **New Sale**).

Next, click **Layout** to choose the most appropriate invoice format. There are three main invoice layouts: **Service**, **Item** and **Professional** (MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge also have a **Time Billing** format).

The best invoice format for student fees is usually an **Item** invoice, as this layout allows you to set up hourly rates and course fees as *items* in your **Items List**. Item invoices speed up your billing, for when you select an item code from the **Items List**, the description (e.g. Term One Fees, Computer Course, etc.) pops up automatically. Don't worry if this invoice layout includes unnecessary columns, such as the **Backorder** column or the **Job** column, as you can customise your printed invoice so that these don't print.

An Item layout is usually the best choice for student accounts

Alternatively, if your student accounts require many lines of description, then a **Service** or **Professional** invoice is preferable. **Professional** invoices include a **Date** column in each line of the invoice, but **Service** invoices don't.

Changing the look and layout of student accounts

With all MYOB software, you can customise your student accounts or receipts so that they look exactly as you want them to look. You can change the fonts, add your own logo, draw boxes, add comments and much more. All you have to do is go to the **Sales** command centre, click **Print Invoices** and then click **Customise** (refer to MYOB help for more details on form customisation).

Below is one possible way in which a student account could be customised. Note that although this invoice has been recorded using an **Item** layout, the printed version doesn't include the **Item Code** or **Quantity** columns.

**You can customise student accounts to meet your needs.**

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Student accounts and receipts

Issuing receipts

If you like, you can issue receipts for money received, rather than a full invoice. Receipts are essentially the same as an invoice, but are generally smaller with less detail. To print a receipt, go to the **Sales** command centre, record the payment, and click **Print Receipts**.

It's easy to print receipts
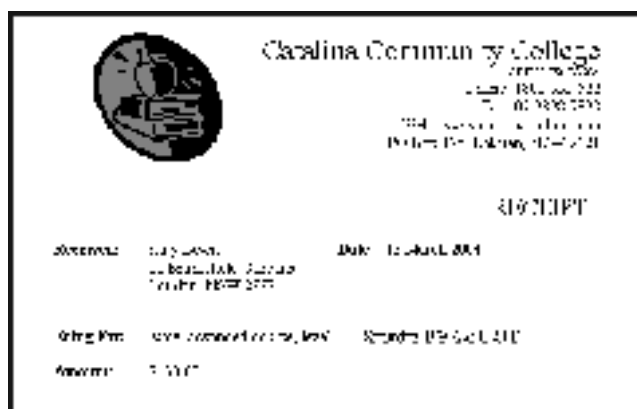
Invoicing the same account to many students

If you issue identical accounts to many students, you can 'memorise' these account details to make repetitive billing a fast and easy process.

To do this, create your first student account. However, when you are ready to record it click **Save Recurring**, instead of **Record**. Name this recurring sale appropriately and click **Save Template** to return to your original student invoice. Now click **Record**.

For the second and subsequent invoices, go to create an invoice but click **Use Recurring** to select your recurring sale. The invoice details will come up automatically and all you need to do is change the student's name each time, clicking **Record** (not **Save Recurring**) once this is done.

Invoicing every student several times a year

If you invoice students the same amount several times a year (perhaps you have a standard fee per term), you can issue these invoices automatically, whenever they fall due.

To set this system up, you first need to create a recurring invoice for each student:

1. Create an invoice, but before completing it, click **Save Recurring** (one of the buttons at the bottom of the invoice).

2. In the dialog box that appears, enter the student's name, and then specify how often you plan to bill this student using the **Frequency** drop-down list. Click **Save Template**.

3. Back on the invoice, click **Record**.

4. Repeat this process for every student that you invoice regularly.

Next time these student fees fall due, all you have to do is this:

1. Click **To Do List** in the Command Centre and then click the **Recurring Sales tab**. You'll see each student's **Name** and when fees are **Next Due**.

2. If any account details have changed from the previous time, click the arrow next to the student's name, and enter your changes. Click **Record** to save these changes and record this sale.

3. For all students whose account details have *not* changed, click in the **Select** column.

4. Click **Record** to automatically generate accounts for these students.

5. Go to the **Sales** command centre and click **Print Invoices** to print your accounts.

Note: The To Do List is not available in MYOB BusinessBasics or MYOB FirstEdge. If you are using one of these programs, you can generate the accounts by going to the **Sales** command centre, clicking **Sales Register**, clicking **New Sale** and then clicking **Use Recurring**.

Updating invoice templates when membership dues increase

Many colleges and schools create recurring templates for course or term fees so that they can automate renewal notices. However, what happens when your course or term fees increase? If you use the recurring templates just as they are, then they'll default to whatever the cost was in the prior period. To edit several hundred sales, one after the other, would be very time-consuming.

An alternative solution is to purchase MoreWays, an independent program that has been designed specifically to work with MYOB software. MoreWays enables you to create templates for all students, setting the frequency, start date and (optionally) end date for each item. You can choose between template prices or item prices and the good news is that should you change an item price, this updates your invoice templates. See **www.twokeys.com.au** to find out more.

If both these situations are not practical for you, you may prefer to export prior period sales to Excel, make the necessary changes, and then import these sales back into your company file. Unless you're very familiar with importing and exporting procedures, you may be best to employ an MYOB Certified Consultant to assist with this process. However, here's an idea of how it's done:

1. Within your MYOB software, go to the **File** menu, choose **Export Data** and export last period's sales, creating a tab-delimited file.

2. Open up this file in Excel, then search and replace to update membership prices and dates. Change invoice numbers to current sequence.

3. Back in your MYOB software, back up your company file! (Just in case you have problems with step 4.)

4. Go to the **File** menu, choose **Import Data** and import the updated sales.

5. Print all relevant reports to ensure your data imported correctly.

Recording bookings for courses before they're paid

Many private colleges offer courses that will only run if a minimum number of students enrol. Prospective students enrol for these courses, paying a deposit in advance, but if the course is cancelled, the deposits are refunded. If you would prefer not to show these deposits as income until you know that the course is definitely going ahead, you can choose to record student fees as 'Orders'.

Note: The Orders feature is not available in MYOB BusinessBasics or MYOB FirstEdge.

Here's how it works:

1. When a student pays a deposit for a course, go to the **Sales** command centre and click **Enter Sales** to raise a sale. Note that in the top-left corner you can select the status of this sale: **Quote**, **Order** or **Invoice**. Select **Order**. (Orders don't show up in your financials until they are changed into invoices.)

2. In the **Paid Today** field of the Order, record the deposit paid. The value of the deposit automatically goes to a liability account called Deposits Paid, rather than an income account.

3. If the course goes ahead, go to the **Sales Register** and click the **Orders** tab. Highlight the order and click **Change to Invoice**. The value of the deposit automatically moves from Deposits Paid into an income account at this point.

4. If the course is cancelled, you'll need to change the order to an invoice (see above) and then issue a refund. See *Issuing Course Refunds on page 13* for more details.

Issuing refunds and credits

Issuing refunds, credits and subsidies are part of life when you run a school or a college. Fortunately, all these kinds of transactions are as easy as can be.

Issuing course refunds

From time to time, you'll have to issue refunds to students who have paid for a course or for lessons in advance, but who don't follow through with the course for one reason or another. In order to issue a refund, you first need to create a credit note:

Here's how to create a credit note:

1. Go to the **Sales** command centre and click **Enter Sales**. Check that Invoice is selected in the top left-hand corner (as opposed to 'QUOTE' or 'ORDER') and then enter the customer's **Name**.

2. If this is an item invoice, enter the quantity you're crediting as a *negative* figure in the **Ship** column, then complete the item codes and price as normal. This creates a new invoice with a minus amount due.

3. If this is a service or professional invoice, complete the **Allocation Account** column as normal but use *negative* figures in the **Amount** column. This creates a new invoice with a minus amount due.

4. Make sure to include a brief explanation for the credit somewhere on the invoice (either in the **Description** or **Memo** field), such as 'Refund on cancelled course'. Click **Print**.

5. Go to the **Sales Register** and click the **Returns & Credits** tab. Locate the credit invoice and click **Pay Refund**.

6. Verify the bank account and cheque number (if the refund is paid by cheque) and click **Record**.

Giving out credits for missed lessons or classes

To issue a credit for missed lessons, go to the **Sales** command centre, click **Enter Sales** and create a credit note as explained in Issuing course refunds section above. To inform the student of this adjustment you can either print the credit or issue a customer statement.

To apply this credit against an outstanding invoice, go to the **Sales Register,** click the **Returns & Credits tab**, and apply the credit.

Accounting for student subsidies or scholarships

Many schools offer subsidies for students with scholarships or special needs. Usually, it's best to show the full fee on the student account, followed by a line showing the subsidy provided. Here's what to do:

1 Go to the **Items List** and create a new item called "Fee Subsidy".

2 Mark the **I Sell This Item** checkbox and link it to an income account called "Subsidies provided" (this figure will display as a minus amount on Profit & Loss reports).

3 When you raise an account that includes a subsidy, show the full amount of fees on the first line and the subsidy on the second line, but enter the subsidy as a *minus* amount.

Showing subsidies or scholarships in student accounts

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Tracking bonds held

Many schools receive bonds from students when they first enroll in the school. These bonds don't show up as income, rather as a liability. MYOB software can help track the total value of bonds on hand, as well as how much each parent or family has paid.

Receiving a student bond

1. Go to the **Items List**, click **New,** and create a new item called "Student Bond". Mark the **I Sell This Item** checkbox and, as the **Income Account for Tracking Sales**, select your liability account for Bonds Held. Click the **Selling Details** tab and make sure the **Tax Code** for this item is **N-T** and that the **Selling Price** is the amount you normally accept as a bond.

2. Now, every time you receive a bond, go to the **Sales** command centre, click **Enter Sales**, select **Item** as your **Layout**, and use this Student Bond item. By doing this, when you record the sale, the value of the bond received will go to your Bonds Held liability account.

   - After raising this sale, zoom in on the student's card and click **Contact Log**. Enter a Contact Log for that date, specifying the amount of the bond.

Reporting on bonds held

If you record bonds in the manner described above, you can generate the following reports:

- To view a list of all students who have enrolment deposits with the school, along with the date that they were paid and the amount, go to the **Banking** command centre, click **Reconcile Accounts**, select your Bonds Held account, enter the current date and click **Print**.

- To see all bond-related transactions for the current financial year (including refunds), click **Find Transactions** in the Command Centre, select your Bonds Held account, select an appropriate date range and click **Print**.

- To get a list of bonds held sorted by student name, display the Reconciliation report (accessible by going to the Reports menu, choosing Index to Reports and viewing the Banking tab) click **Send To** and **choose** Excel from the menu that appears. Using Microsoft Excel you can sort the report by student name.

Refunding bonds held

To refund a student bond, do the following:

1. Raise a new sale for the student, selecting Student Bond as the item, but enter –1 in the **Ship** column. This raises a credit note for the value of the bond.

2. Zoom in on the student's card and click **Contact Log**. Enter a new log for that date, specifying the amount of the deposit refunded.

3. While in the log, zoom to the very bottom and make a mental note of the date that this bond was initially paid.

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4. Go to the **Banking** command centre, click **Reconcile Accounts** and enter Bonds Held as the account. Enter the date of the refund and then go to the deposit and click in the **Withdrawal** column. Then scroll down to the bottom of this window and you'll see the corresponding **Deposit**. Mark off both transactions.

5. Make sure the **New Statement Balance** equals zero and click **Reconcile,** then click **Reconcile** again to remove this refunded student from the list of bonds held.

Managing outstanding student fees

MYOB software has lots of ways to help you manage outstanding student fees. You can send out monthly statements, mail out reminder letters automatically, offer students the ability to pay by BPAY® or credit card and last but not least, see what fees are outstanding at any time, with a single click of a button.

Sending out statements for student accounts

To issue statements for all outstanding fees, simply go to the **Sales** command centre and click **Print Statements**. You can choose between **Activity** or **Invoice** statements.

An **Activity** statement displays the opening balance outstanding on students' accounts as at any selected date, and lists all transactions (both invoices and payments) from that date up to the current date. An **Invoice** statement displays all invoices that have anything outstanding on them at the time of printing. It does *not* include invoices that have been paid in that current period.

To customise your statement layout, click **Print Statements** and then click **Customise**.

Mailing reminder letters

Note: This feature is not available in MYOB BusinessBasics or MYOB FirstEdge.

If some parents or students are consistently overdue with paying their account, you can send them reminder letters, the wording of which depends on how overdue the account is.

To do this, go to the **To Do List** and click the **A/R** tab. Look at the **Overdue** column. A positive figure in the **Overdue** column indicates the number of days that the payment is overdue, and a negative figure indicates the number of days until payment is due.

Click in the **Select** column against the students to whom you wish to send reminders, and then click **Mail Merge**. When prompted, choose a template. The templates COLL_1ST.DOT, COLL_2nd.DOT, COLL_3rd.DOT and COLL_FIN.DOT all refer to account reminder letters. (The first templates COLL_1st.DOT and COLL_2nd.DOT are relatively easygoing; the other templates become increasingly demanding!)

Select a template and click **Use Template**. Microsoft Word will then open automatically. Complete your name and title as requested. Click **OK** and you end up with a single document, each page of which is a separate letter reminding the parent or student of their overdue account.

Use mail merge features to chase outstanding student accounts

Incidentally, these standard reminder letters are well written, but you can adapt them if you wish, by changing the Word templates. You can identify Word templates by the three letters 'DOT' at the end of their name, and you'll find these templates in the Letters folder that's within your MYOB program folder.

Managing outstanding student fees

Collecting money faster with BPAY and POSTbillpay

By subscribing to the MYOB M-Powered® invoices service, you can offer your students the choice of paying invoices by BPAY®, Postbillpay (at all Australia Post outlets) or by credit card over the phone.

The main advantage of this service is that by providing more ways for your students to pay you, you'll be paid quicker. Colleges and schools often end up with lots of students owing small amounts of money, and it's good to be able to offer a counter-suggestion to the reply "I'll mail a cheque tomorrow". Also, by offering these facilities you will make your college or school look that much 'bigger' and more professional.

For more information about MYOB M-Powered invoices, and to read the Product Disclosure Statement, visit **www.myob.com.au/m-powered/** .

Collect money faster by offering BPAY and Postbillpay facilities

Recording student payments automatically

If you subscribe to MYOB M-Powered invoices, you'll receive a daily email notification of all payments made by your customers using M-Powered invoices. The email also contains an electronic payment file that you can import into your MYOB company file to automatically record these customer payments and update your records (This feature is only available for MYOB Accounting, MYOB Accounting Plus and MYOB Premier).

BPAY is a registered trademark of BPAY Pty Ltd

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Managing outstanding student fees

Seeing how much you're owed

From the **Sales** command centre, click the **Analysis** down-arrow and choose **Receivables** from the menu that appears, or for MYOB BusinessBasics and MYOB FirstEdge, simply click **Analyse Receivables**. You'll see a summarised Analyse Receivables report, aged as at the current date, showing the names of all customers who owe you money and how overdue they are. You can click the zoom arrows next to any student's name to go straight to a detailed breakdown of their outstanding invoices.

Writing off unpaid fees

Sometimes a student will leave without having paid their fees in full. If you know for sure that you will never receive payment for these fees, you will need to write them off.

1   Go to the **Sales** command centre and click **Enter Sales**. Click **Layout**, select the **Miscellaneous layout**, and then click **OK**.

2   Enter the student's name, date and other details. Type 'Writing off Bad Debt' in the **Journal Memo** field.

3   On the first line of the sale, insert a comment that states the amount of the invoice or invoices that you are writing off and their original dates. (Don't enter the price in the **Amount** or **Price** column — you don't want to invoice the student again!) This level of detail is important in order to comply with tax regulations.

4   On the next line of the sale, write a comment saying that this amount is being written off as a bad debt, then tab to the **Allocation Account** and choose **Bad Debt Expense**. (Bad debt expense will be a 6- number in your Accounts List — if you don't already have an account by this name, then create a new one.) Write the total amount of the invoice in the **Amount** column as a *negative* figure, and enter the appropriate tax code.

5   Check that the **Total Amount** equals the total value of the bad debts being written off. Click **Record**.

6   Now go to the **Returns & Credits** tab in the **Sales Register**. Find the invoice you just created in the list of students and click **Apply to Sale.** Apply this credit invoice against the outstanding invoices in the same way as you would apply a payment, and then click **Record**.

Business Name: **Greg's Guitars**

Overview: **Greg uses MYOB BusinessBasics**

Greg teaches guitar to 50 private students and performs once or twice a week in a jazz band. He isn't registered for GST, but still finds MYOB BusinessBasics perfect for recording his income and expenses, ready for his annual tax return.

Greg finds that BusinessBasics helps with the headache of keeping track of student fees. He issues invoices to all parents at the beginning of each term, automating this process with recurring sales. He prints out receipts for those students who request them (He's customised an invoice template to look like a receipt). BusinessBasics is also handy for keeping track of student contact details and what rates each student pays.

Greg's record-keeping is still a bit chaotic, with business and private spending split across a mound of cash receipts, cheques and (the bane of his existence) numerous credit cards. However, he's found that he can minimise the time it takes to prepare for tax by downloading cheque account and credit card transactions from the internet direct into BusinessBasics. All he does then is zoom into transactions, fix up the account codes and record them.

On a more personal note, BusinessBasics has helped Greg take control of his finances in a way that had always eluded him up until now. He can calculate how much money he earns each week and make sure he's earning enough to cover his expenses (and even work away at his credit card debt, bit by bit…).

The simplest way to record expenses, suitable for most private tutors or small colleges, is to go to the **Banking** command centre and click **Spend Money** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Bank Register** and select **Spend Money** as the transaction type).

An alternative way to record expenses, suitable for large schools or colleges, is to enter all supplier invoices in the **Purchases** command centre when you receive them. Later, these invoices are paid using the **Pay Bills** function. (Note that purchases aren't available in MYOB BusinessBasics or MYOB FirstEdge.) This method works well if you have a substantial amount of accounts to be paid each month and you want to keep tabs on how much you owe, but by its very nature is a more complicated way of working.

Recording expenses

To record an expense,

1. Go to the **Banking** command centre and click **Spend Money**. (Or, if you're using MYOB BusinessBasics or MYOB FirstEdge, go to the **Command Centres** menu, choose **Banking** and then choose **Spend Money**.)

2. Click the **Pay from Account** button in the top-left and select your bank account, or, if you plan to make this payment online, click **Group with Electronic Payments** (not available in MYOB BusinessBasics or MYOB FirstEdge).

3. For cheques, enter the cheque number in the **Cheque No.** field. For other transactions, such as credit card debits or electronic payments, simply ignore the **Cheque No.** field.

4. Enter the date and amount, and in the **Card** field, enter the name of the person you are paying. If you've never paid this person before, you'll see a list of cards, asking you to select one of them. Either double-click on a name to select it from the list or click **New** to create a new card.

5. Write a brief description in the **Memo** field, if desired.

6. In the **Acct#** column, specify which account this expense should go to.

7. Check the **Amount** is correct. Usually, this amount includes GST, assuming you've marked the **Tax Inclusive** checkbox on the top-right.

8. Fill in the **Job** column if you want to track expenses by particular projects or cost centres. Otherwise, leave this column blank.

9. If you want to include additional information about this transaction, do so in the additional **Memo** column that appears next to the **Job** column.

10. Fill in your **Tax** code, double-check the tax total (this calculates automatically), then click **Record**.

Recording a supplier invoice

Note: This feature is not available in MYOB BusinessBasics or MYOB FirstEdge.

Schools tend to use one of two layouts when recording purchases: either an Item layout or a Service layout. Most purchases, such as advertising, electricity or telephone accounts, are likely to be Service purchases. However, if you purchase goods for resale (maybe you sell books or course materials to students), then an Item purchase is best.

Here's how to record a purchase:

1. Go to the **Purchases** command centre and click **Enter Purchases**.

2. Click **Layout** and select either Item or Service as your layout.

3. Fill in the supplier name and if required, enter the purchase order number.

4. Check the date and enter the supplier's invoice number in the **Supplier Inv#** field.

5. For item invoices, enter the **Quantity**, **Item Number** and check the **Price**. Enter each line one at a time, making sure the final total tallies.

6. For service invoices, choose your allocation account in the **Acct#** field. Don't worry about detailed descriptions, as they're usually not necessary. A general description such as 'materials' does just fine.

7. Make sure the GST total matches with your supplier invoice, and then click **Record**.

Paying suppliers electronically

MYOB M-Powered® payments enable you to make electronic payments to your suppliers directly from your MYOB software. Once you subscribe to this service, you can use your MYOB software to record payments in your company file and then transmit these payments electronically using a secure link. The M-Powered Services Centre monitors the progress of all payments and, at your request, emails or faxes remittance advices direct to your suppliers.

If you pay more than five suppliers per week, M-Powered payments are well worth the fees. If you were to put a value on your own time (or on your bookkeeper's time) and calculate how long it takes you to pay a supplier (including writing a cheque, printing a remittance advice, writing their address on an envelope, entering the payment into your MYOB company file, and so on) as well as the costs (the envelope, the stamp, the petrol to the post office, etc.), then chances are that paying a supplier is much more expensive than you think.

M-Powered payments offer other benefits too, although these are somewhat less tangible. You can schedule payments to be made at future dates, ensuring that suppliers are paid on time, even when you're away from the business. Payments are more secure, as you pay directly from your account into your supplier's account (whereas cheques are more prone to fraud or getting lost in the mail). Finally, the M-Powered Services Centre keeps track of all online payments, including when payments are sent, when they're processed, if they fail due to insufficient finds, and so on.

To subscribe to M-Powered payments, all you have to do is click the **M-Powered Services Centre** icon that appears on the bottom-right of every command centre. (Note that M-Powered services are only available for MYOB Accounting, MYOB Accounting Plus and MYOB Premier.)

For more information about M-Powered payments, how to subscribe, the current pricing structures, or to read the Product Disclosure Statement, visit **www.myob.com.au/m-powered** .

Organising petty cash (if you have a petty cash tin)

The method described here works best if you have an office with a petty cash tin, and more than one person takes money out of the tin. However, if you don't have a petty cash tin but end up paying lots of little cash expenses directly from your own pocket, see the method listed in *Organising petty cash (if you have a wallet full of receipts) on page 24*.

1. Start off with a float, say $200. Write a cash cheque for this float, and allocate this cheque to an asset account called 'Petty Cash'. If you don't have an account by this name already, create one now, remembering to select **Bank** as the **Account Type**.

2. Whenever staff take money out of the tin, get them to give you a receipt in exchange. Store these receipts in the tin.

3. Add up the receipts and work out which expense categories they belong to. Then go to the **Spend Money** window but this time *change the bank account* at the top to read Petty Cash**.**

4. Complete the payment, allocating it across several Allocation Accounts and several Amounts. Click **Record** when you're done.

5. When funds in the tin get low, write out a cash cheque to top the tin back up to its original float value. For example, if you have a $200 float but there's only $4.50 left in the tin, write out a cash cheque for $195.50. Allocate this cheque to Petty Cash.

Organising petty cash using a petty cash tin
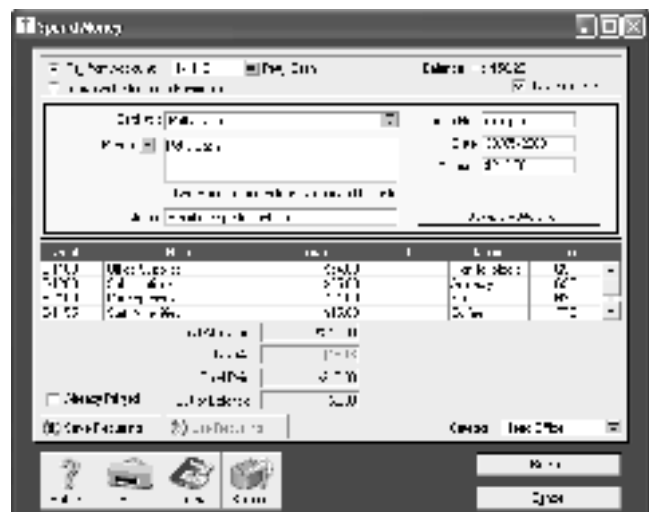
Organising petty cash (if you have a wallet full of receipts)

If you don't have a petty cash tin, but end up paying lots of cash expenses directly from your own pocket, you'll find the following method works best.

1. Pile these receipts into their various categories and then, with a calculator, add up the value of each pile of receipts. You might end up with $40 worth of receipts for stationery, $50 for postage, $15 for travel and so on.

2. Go to the **Spend Money** window and select Petty Cash as your bank account in the top left corner.

3. Enter the total value of all these receipts added together as the Amount.

4. Split the transaction across the appropriate expense accounts, writing individual memos on each line, if desired.

Tracking assets and depreciation

Many schools end up owning a diverse range of assets (furnishings, computers, books, motor vehicles, etc) and for insurance and depreciation purposes, they will need to maintain an asset register. MYOB AssetManager Pro provides the perfect solution.

MYOB AssetManager Pro is designed in a way that looks and feels similar to other MYOB software, with similar account numbering and structures. You can keep an organised record of your assets, as well as calculate monthly and annual depreciation figures. MYOB AssetManager Pro can track assets by location, cost centre or any other way you choose, and keep a detailed log of service calls for equipment.

To find out more about MYOB AssetManager Pro, visit **www.myob.com.au/products/assetmanager_pro/** .

Setting up inventory for things you buy and sell

Many schools buy books, training materials or uniform for resale to students. MYOB software makes it easy for you to bill students for these items, as well as tracking the income and expenditure from sales.

The simplest approach is simply to set a description and price for each item in the **Items List**. When you create these items, mark the **I Sell This Item checkbox** only (not available in MYOB BusinessBasics or MYOB FirstEdge), and select an income account such as "Income – Training Materials". This way you can raise student invoices easily and efficiently and if desired, generate sales reports for each item sold.

The more complex approach is to keep track of quantities on hand, so that you record every unit bought and sold (not available in MYOB BusinessBasics or MYOB FirstEdge). When you create these items in the **Items List**, you click **I Sell This Item**, **I Buy This Item** and **I Inventory This Item**. This approach is more time-consuming than simply tracking what you sell, but proves to be an efficient way of monitoring stock levels, generating re-orders and keeping an eye on costs.

Renting out instruments to students

Some schools, particularly music colleges and conservatoriums, rent out musical instruments to students. MYOB software makes it easy to manage instrument rentals, keeping track of what instruments are out on loan and the rental charges for each one.

What works best is to create a separate item in your **Items List** for every musical instrument that you rent out to students. Mark the **I Sell This Item checkbox** only (not available in MYOB BusinessBasics or MYOB FirstEdge), and as the **Income Account for Tracking Sales** choose an income account called "Income – Instrument rental". Record the weekly or monthly rental charge as the **Price**. Use this item when you invoice this student for instrument rental.

This done, you can print a summary listing of the items that you hire out simply by displaying the **Items List [Summary]** report. Alternatively, for a summary listing of the items you hire out, complete with the name of the last person who hired each item, display the **Sales [Item Detail]** report.

If you rent out many instruments, you will almost certainly need to maintain an asset register of some description, and possibly also calculate depreciation. MYOB AssetManager Pro is a special program designed to do just this, enabling you to keep organised records of all assets (along with details of location and maintenance schedules), as well as calculating monthly and annual depreciation. (Incidentally, many schools use MYOB AssetManager Pro for cataloguing *all* their assets, not just musical instruments.)

To find out more about MYOB AssetManager Pro, visit **www.myob.com.au/products/assetmanager_pro/** .

Case Study – Birallee Pre-school

Business Name: **Birallee Pre-school**

Overview: **Birallee Pre-school is a community owned pre-school for 3-5 year olds, with 4 teachers and 25 children. They run MYOB Accounting Plus.**

Like most pre-schools and childcare centres, Birallee Pre-school run special software (in this case, CentreCalc) that's designed specifically for managing fees and calculating government subsidies. They operate MYOB Accounting Plus in conjunction with CentreCalc, for the purposes of financial reporting, Business Activity Statements and payroll.

To avoid duplicating data-entry, Birallee doesn't enter the details of individual fees paid into their MYOB company file. They allocate the total of each week's bank deposits directly to the Fees Paid income account (using the **Receive Money** window). However, they record all expenses in their MYOB company file (using the **Spend Money** window) as well as all payroll transactions. Typical of many childcare centres, staff are employed under three different awards, but MYOB Accounting Plus copes with the complexities of different pay rates and leave entitlements without missing a beat.

The pre-school runs on the smell of an oily rag, and the Management Committee rely heavily on monthly budget reports. The ability to compare actuals against budgets on a regular basis has been a splendid remedy for sleepless nights.

Analysing financials in more detail

Many schools and training providers find that they need to analyse financial information in more detail than a basic Profit & Loss report can offer. Maybe they want to report on a grant, see how much each course is costing to run, or set up budgets for each department. All of this is possible (and even quite easy!) using the jobs and categories features.

The idea of jobs and categories is that every transaction can be coded in several different ways. For example, in the **Spend Money** transaction below, the **Card** shows the name of the supplier; the **Acct#** column shows the type of expense, the **Job** column shows the project code and the **Category** shows the location.

**Use jobs and categories to analyse profitability**
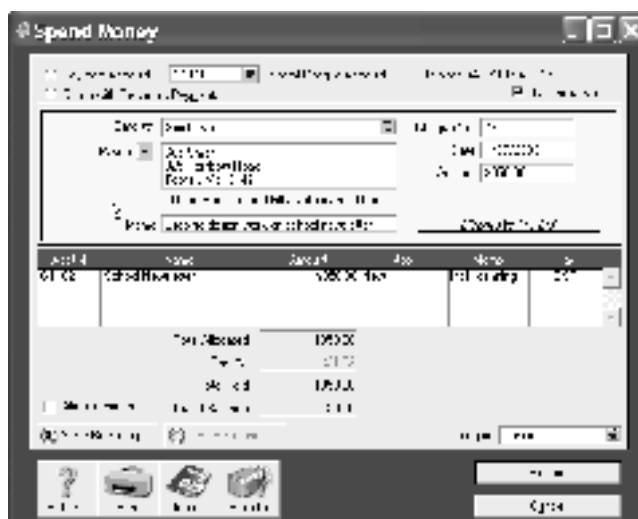
Analysing profitability of departments, courses or fund-raising ventures

Most schools and training providers don't have individual jobs per se, but nonetheless many schools find the jobs feature very useful. If you have different cost centres, departments or even courses, you can set up jobs for each one. Here are some ways in which different organisations take advantage of jobs:

- A community college allocates a job number to every course they run and, at the end of each semester, analyse the profitability of every course.

- An outdoor education business has a mix of corporate and high school work. By treating each type of work as a separate cost centre, and allocating expenses appropriately, they analyse the profitability of each part of their business.

- A private grammar school subsidises a music conservatorium attached to their building. By allocating all relevant income and expenses to a special job number, they can produce monthly reports of how much the conservatorium is costing them.

- A primary school allocates a different job number to every fund-raising venture they undertake. This way they can see how much money each one makes.

Jobs are an excellent way to analyse cost centres, courses or particular grants

By analysing how much money you're making (or losing!) on everything you do, you can fine-tune operations

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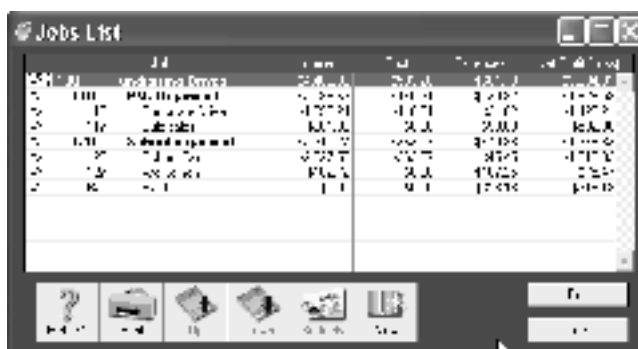
so you know how each cost centre is performing, whether individual departments are meeting their budgets or individual courses are paying their own way.

To create a new job, go to the **Lists** menu, choose **Jobs** and then click **New**. Enter a **Job Name**, **Job Number** and a short description, if required. This is usually enough information to get started (additional fields such as **Start Date**, **Finish Date** and **Manager** aren't essential). Click **OK** to return to the **Jobs List**.

Analysing profitability of different divisions or locations

Categories (available in MYOB Accounting, MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge only) offer an additional level of analysis and are ideal for tracking the performance of different locations or divisions.

If you're unsure of whether to use categories or jobs for something, bear in mind that you can split a single transaction across several jobs, but you can't select more than one category for a single transaction.

To turn on category tracking, go to the **Setup** menu, choose **Preferences** and then click the **System** tab. Mark the **Turn on Category Tracking** checkbox. If you want the selection of a category to be mandatory for every transaction, select **Required**, rather than **Not Required**, from the drop-down list.

Next, go to the **Lists** menu, choose **Categories** and then click **New**. Enter a **Category ID**, **Category Name** and a short **Description**, if required.

Reporting on particular grants

A requirement of many grants is that you provide a detailed acquittal report of all funds received and disbursed. The easiest way to do this is to set up a job for each grant. For example, if you received a Library Grant, the solution in this situation would be to create a new "job" in your **Jobs List** called "L" for library. Every transaction that related to the library would be coded with "L" in the **Job** field. Once complete, you can create lots of different reports, including:

- A **Job Profit & Loss** report, showing summary expense totals for the project, displayed in standard Profit & Loss format.

- A **Job Activity Detail** report, showing details of every payment made during the project, grouped according to the expense category.

- A **Job Inquiry** report, showing details of every payment made during the project, grouped in date order.

- A **Jobs [Budget Analysis]** report, comparing actuals to budgets, and displaying variances.

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for Education and Training

All MYOB software programs have the ability to set up budgets, compare budgets against actuals, send reports to Excel and more. It's worth taking time to figure out what reports your school needs. You can either use one of the existing budget reports or find the one that's closest to what you want and then send it to Excel.

Creating monthly budgets

To enter a budget for an account, first go to the **Accounts** command centre and click **Accounts List**. Double-click an account for which you wish to create a budget, and then click **Budgets**.

It's easy to create monthly budgets

If your budget for a particular account is the same each month, click **Shortcut**. Here you can enter the monthly amount just once, completing the whole year's budget automatically.

A quick way to look at the budget reports, is to click the **Analysis down-arrow in the Command Centre and choose Profit & Loss from the menu that appears.** Click **Filters** and choose to compare budgets to actuals (not available in MYOB BusinessBasics or MYOB FirstEdge).

Creating annual budgets

Many schools don't budget on a monthly basis, but on an annual basis. During the year, they compare how much of their annual budget has been used up, and the value of funds remaining.

To do this, all you have to do is enter your entire annual budget for each account in the first month of the year. For example, if your annual budget for telephone expense was $3,000 and your financial year ran from January to December, you would enter the entire budget amount of $3,000 in January. This way, the Budget Analysis report tells you throughout the year what percentage of your budget had been consumed.

If you require greater flexibility in the presentation or layout of your budget reports, it's easy to send the report that's closest to the one you want to Excel (not available in MYOB BusinessBasics or MYOB FirstEdge). Simply display the report, click the **Send To** button and select **Excel**. Excel will open automatically, load the template, and display the report. You can then change report titles, cut and paste columns or rows, add colours, convert the report to graphs, or whatever you like!

Creating annual budgets for each grant

To create an annual budget for different grants, the best approach is to create a **job** for each grant. To enter budget details for each job go to the **Jobs List**, highlight the relevant grant and click **Budgets**. The list of accounts that follow allow you to enter a total budget for all relevant income and expenses.

This budget will be a budget for the *entire period* of the grant and doesn't set itself to zero when you start a new financial year. The great thing about this is that if your grant spans across a financial year end (perhaps your financial year runs from January to December but the grant runs from March to February), the budget totals will carry forward.

However, if you have a grant that renews each year and for which the budget changes, you will need to return to the **Jobs List** and edit the budget figures at the beginning of each year.

Adapting budget templates in Excel

As mentioned above, you can send any budget report direct to a template in Excel, ready to adapt to your specific needs (not available in MYOB BusinessBasics or MYOB FirstEdge). If you find that you're making the same changes in Excel every time you generate a new budget report, it may be more efficient to adapt the Excel template itself.

For every report, there's a corresponding Excel template (found in the **Spredsht** folder of your MYOB program folder). Essentially, a template is a 'shell document' that has preset formatting, headers, footers, margins, etc. People use templates for lots of reasons, but most of the time they use them to create standard formats for reports or letters that they can use again and again, without having to retype or redesign the document each time. (You can identify Excel templates because they all end with the letters 'xlt', whereas regular Excel documents end with 'xls'.)

You can find lots of detail about modifying Excel templates at **www.myob.com.au/support**/ . However, probably most important to remember is that the final version of your customised template should keep the original filename and be saved as a template with an '.xlt' extension. If you change the name of a template, every time you try to generate the corresponding report, you'll get a message that the template cannot be found, and you will be asked to locate the desired Excel template.

Accounting for tricky situations

Many schools don't have an even stream of money throughout the year. Income fluctuates on a monthly basis, with both grant income and capital expenditure occurring on an irregular basis.

Allocating lump sum funding evenly throughout the year

Many non-profit organisations receive their funding in one lump sum at the beginning of the year. This is great for cashflow, but tends to distort Profit & Loss reporting; one month of the year shows an enormous profit, but all the other months show a substantial loss.

To show funding income evenly throughout the year, do the following steps:

1. Create a new liability account called "Unused Funds".

2. When you receive a lump sum of funding, use the **Receive Money window to** allocate the funding to the Unused Funds account.

3. Next, divide the lump sum by twelve (or by however many months it is meant to cover) to establish the real amount of income you receive each month.

4. Go to the **Accounts** command centre and click **Record Journal Entry.** Create a journal entry that **Debits the** Unused Funds account and **Credits the** Income from Funding account, as shown below.

5. Click **Save Recurring** to save this journal as a recurring monthly journal.

Allocating lump sum funding

6. Each month, record this general journal. At the end of the funding period, the balance of your Unused Funds account should be zero.

Accounting for unused grant money at end of year

Unused grant money (usually referred to as Unearned Income or Unexpended Grants) is an important consideration for many schools at the end of each financial year. For example, if you receive a 12 month grant in September and your financial year ends in December then you will still have 8 months of your grant "to go".

Strictly speaking, this unused grant money is a liability for your school and you need to show it as such. Here's what to do:

1 Go to the **Accounts List** and create a new **Liability** account called "Unearned Income".

2 Calculate how much grant allocation you need to carry forward to the next financial year. This is the amount of Unearned Income you need to show in your Balance Sheet.

3 Go the **Accounts** command centre and click **Record Journal Entry**.

4 On the first line of this journal, **Debit** the income account to which you allocated the grant when it was received initially. This will be a **4-** account and should be called something like "Grant Income".

5 On the second line of this journal, **Credit the** "Unearned Income" account.

Note that once you have started a new year, you will need to "reverse" this journal. Go to the **Record Journal Entry window** and date it as the first day of the financial year. This time you'll need to **Debit the** "Unearned Income" account and **Credit the** "Grant Income" account.

Allowing for sinking funds or building provision funds

Many schools create sinking funds or building provision funds so that they can provide for future large expenses. Usually these amounts are transferred to a separate bank account and an expense account is debited for the amount of the provision.

Here's what to do:

1 If the sinking fund has its own bank account, create a new asset account in the **Accounts List** called "Sinking Fund" or something similar. Select **Bank** as the **Account Type** for this account.

2 When money is transferred to the sinking fund, go to the **Banking** command centre and click **Spend Money** (if using MYOB BusinessBasics or MYOB FirstEdge, click Bank Register and choose Spend Money as the transaction type)**.** Select the Sinking Fund as your **Allocation Account**.

3 Go to the **Accounts** command centre and click **Record Journal Entry**.

4 On the first line of this journal, **Debit** an expense account called "Building Maintenance Expense", "Repair & Maintenance Expense" or something similar.

5 On the second line of this journal, **Credit** a liability account called "Provision for Building Maintenance" or "Provision for Repairs & Maintenance" or something similar. This will show repairs and maintenance as a consistent expense from year to year, regardless of when these repairs are actually carried out.

6 When you withdraw funds from your sinking fund to pay for repairs, go to the **Spend Money window** and select the sinking fund in the top-left **Account** field. Enter the liability account (e.g. Provision for Building Maintenance) as the **Allocation Account**.

Creating new reports

If you find that you're regularly sending reports into Excel and then manipulating the information, it may be worth commissioning a custom report. Custom reports extract key information out of your MYOB company file and re-organise this information in a spreadsheet, word processor or database (depending on your preference and the complexity of information required).

There are now three ways to generate custom reports from MYOB.

- Probably the most practical approach is to contact an MYOB Certified Consultant who has skills in writing custom reports. Most custom reports only cost a few hundred dollars to write, which is very cost-effective considering the programming skills and development software required.

- On the other hand, if you're interested in learning some of the more advanced features of Microsoft Excel and Word, then you'll find that MYOB ODBC Direct opens doors to creating a varied range of simple reports. MYOB ODBC enables a 'one-way' extraction of data from your company file, meaning that other applications such as Microsoft Word, Microsoft Access, Crystal Reports and Filemaker Pro can 'see' the data in your company file, extract it into their own format, and then manipulate it through queries.

- Moving further along, MYOB ReportWriter relies on a custom version of ODBC Direct to help you generate your own custom reports, working with the data in your MYOB company file. Although MYOB ReportWriter facilitates the learning process for fledgling programmers, you'll need some understanding of relational databases and of the MYOB company file structure.

MYOB BusinessAnalyst functions as an intelligent viewer for ReportWriter reports, meaning that you can enjoy the benefits of custom reports without having to purchase MYOB ReportWriter or DeveloperPack. In a way, BusinessAnalyst is like working with lego: once you have a pile of blocks, you can move them around and manipulate them. Building reports becomes easy, even fun. However, if a new block is needed (a different kind of report, drawing on different data), then you have to ask the 'factory' (ReportWriter) to do it for you.

To find out more about these MYOB products, or to contact an MYOB Certified Consultant, please visit **www.myob.com.au** .

Case Study – Garvald Primary School

Business Name: **Garvald Primary School**

Overview: **Garvald Primary School is a small, private school catering for children with special needs. They use MYOB Premier.**

Garvald has been running for 25 years, growing consistently over this time. They now have 150 pupils and 10 teachers.

Garvald use MYOB Premier for all their financial management. All student fees are set up as recurring sales and different rates for children (depending on age and income levels) are set up as different items in the **Items List**. Children and family details are stored in individual cards in the **Cards List**, with some additional health and medical records stored on an independent database.

In the past, Garvald had many difficulties getting paid on time, and often families would simply disappear from one term to the next, owing large amounts in fees. MYOB Premier has helped take this problem in hand, and along with offering parents the option to pay by credit card and BPAY, (by way of MYOB M-Powered® invoices), Garvald now sends monthly statements and regular reminder letters.

Garvald find that MYOB Premier works well for them in the office, as more than one person can log on at a single time. The school secretary can record student receipts while the bookkeeper keeps track of all expenses and, at the same time, the principal can analyse financial reports.

insight

MYOB software makes accounting for GST about as easy as something so complex could be. So long as you record all your transactions and allocate the right tax code to each one, there's not a great deal that can go wrong. The main thing to remember is to allocate the right tax code when recording transactions. This done, everything else should fall into place.

Recording GST on income and expenses

Whenever you record a transaction, you can choose whether to enter the amount as tax-inclusive or tax-exclusive by marking or clearing the **Tax Inclusive** checkbox in the top-right corner of every window. (When recording payments or receipts in MYOB BusinessBasics and FirstEdge, you will have to click **Split** in order to view this option.)

Usually, you'll find it easiest to mark the **Tax Inclusive** checkbox and enter all amounts including tax. You'll find that the GST calculates automatically and you don't have to go looking up every receipt to double-check the tax total.

Most schools and training providers find that they only need six tax codes: CAP; FRE; GST; ITS; N-T and QUE.

To review your codes, go to the **Lists** menu and choose **Tax Codes**. Comparing your list with the list shown below, delete any codes you don't need (they'll only serve to cause confusion) and add any codes that are missing. For all tax codes, the **Linked Account for Tax Collected** should be GST Collected from Sales and the **Linked Account for Tax Paid** should be GST Paid on Purchases. Once you're finished, your tax code list should look similar to the one below:

It's easy to set up your Tax Code List

What do the different codes mean? Here's an explanation:

CAP (GST on capital acquisitions)

If you're not part of the Simplified Tax System (which is the case for most schools) then you may need to report all capital acquisitions (new equipment, furnishings or vehicles) separately on your Business Activity Statement. To do this, you will need to use the CAP code when recording these transactions.

If you are part of the Simplified Tax System (which is the case for most private tutors and small training providers), then you need to report all capital acquisitions (new equipment, furnishings or vehicles) that cost more than $1,000. To do this, you will need to use the CAP tax code when recording these transactions.

If you're not sure whether or not you're part of the Simplified Tax System, or how to treat a particular asset purchase, ask your accountant.

FRE (GST-free goods and services)

Even if you don't sell any GST-free goods or services, you're bound to end up purchasing GST-free supplies such as bank charges, donations or government charges. If you employ any subcontractors who have an ABN but aren't registered for GST, use FRE as the tax code for their payments.

GST (Goods and Services Tax)

GST is the tax code that you'll use for most sales and purchases.

INP (input-taxed purchase)

Use this code for all expenses that relate to residential property investments (Note: You can't claim input tax credits for such expenses, therefore the tax rate should be 0%).

ITS (input taxed sale)

Use this code for interest income and rental income from residential property investments.

N-T (not reportable)

Use this code for everything that falls outside the GST net, such as wages; superannuation; loan repayments; bank transfers and personal spending.

QUE (query)

Use the query code whenever you're not sure what code to use. That way, when you get to the end of the quarter, you can print a report for all transactions coded QUE and ask your accountant or MYOB Certified Consultant to give you a hand choosing the correct codes.

Deciding which codes to use when

One of the tricky things when first recording income and expenses is to figure out which tax code to use when. Here are tips to help you out, written especially with schools and training providers in mind:

Income

- For school fees that are GST-free, select FRE as the tax code. For fees or courses that attract GST, or for excursions and books, select GST as the tax code.

- Interest income should have ITS as the tax code.

- Personal income which isn't really income (for example, a family loan, a gift or a tax refund should have N-T as the tax code.

Expenses

- Most expenses should have GST as the tax code, including things such as advertising, electricity, postage and telephone.

- Capital acquisitions should have CAP as the tax code.

- Donations should have FRE as the tax code, as should almost all bank charges and interest expense. However, watch out, as merchant fees should have GST as the tax code.

- Government charges are almost all GST-free, and include licence renewals, motor vehicle registration, council rates, water rates, land tax and stamp duty.

- Hire purchase and lease payments depend on what you're paying off, when you bought it and how your accountant intends to treat it. Ask your accountant.

- Insurance is tricky, because almost every insurance policy is a mixture of taxable and tax-free (stamp duty doesn't have GST on it). Enter QUE as the tax code for insurance expense, then double-check the exact amount of GST on every insurance payment when you record it.

- Milk, tea, coffee and some first aid supplies should have FRE as the tax code.

- 100% private-use expenses should have N-T as the tax code.

- Residential rents should have ITS as the tax code, commercial rent should have GST as the tax code.

- Subcontractors should have GST as the tax code. However, if you employ any subbies who aren't registered for GST, but have an ABN, record these expenses as FRE.

- Superannuation should have N-T as the tax code.

- Travel within Australia should have GST as the tax code; overseas travel should have FRE as the tax code.

- Wages should have N-T as the tax code.

Recording transactions if you're not registered for GST

If you have an ABN, but you aren't registered for GST (as is the case for many private tutors who turn over less than $50,000 a year), simply enter N-T as the tax code for every transaction. You may find it best in the long-term if you go to your **Accounts List** and, one by one, double-click each account and change the linked Tax Code to N-T. This way, N-T comes up as the default tax code for all transactions.

Your students may also find it helpful if you customise your invoice to make it clear that you're not charging GST. Here's what to do:

1. Go to the Sales command centre and click **Print Invoices.** Choose the **Invoice Type** and select the customised invoice format to use from the **Selected Form for Invoices** list. Click **Customise**.

2. Highlight the text field called 'Tax Invoice' and press **Delete**. This removes the words 'Tax Invoice' from the standard template.

3. Click the Text tool in the tool bar and then click on the invoice somewhere near the **Comment** field. A box called **Text Field** should appear.

4. Double-click this box and enter the words 'Our business has an ABN but is not registered for GST. Therefore, all prices are GST-free.' as your **Text**.

5. Modify the **Font** and **Size** to suit the rest of the invoice, and if necessary, expand the size of the text field so that all the text fits in. Click **OK**.

6. Click **Save Form As** and enter 'Invoice' as the form **Description**. Then click **OK** to return to the **Print Invoices** window.