

A step by step approach to
**Establish and Maintain Cash and Accrual
Accounting Systems**
using MYOB AccountRight Plus v19.8

© Software Publications Pty Ltd, July 2015

No part of this material may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying or by information retrieval systems) without permission in writing from Software Publications.

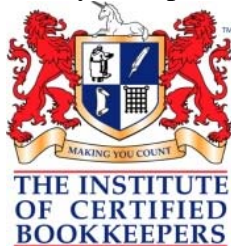
Originating author

Marian Brown Dip T (Commerce), MICB
BAS Agent
Cert IV Workplace Training and Assessment, Cert IV in
Financial Services (Bookkeeping)
MYOB Certified Consultant for 17 years, MYOB
Accredited Author, MYOB Accredited Trainer



Revised by

Lyn Joyce, Dip T (Commerce), B Ed
Cert IV Training and Assessment
Secondary and tertiary teacher for 40 years
and
Leanne Berry, MICB
BAS Agent
MYOB Certified Consultant for 8 years
MYOB Accredited Trainer, MYOB Accredited Author
Member MYOB Partner Advisory Group



Reviewed and endorsed by

Publisher

Software Publications Pty Ltd (ABN 75 078 026 150)
Unit 10, 171 Gibbes Street
Chatswood NSW 2067
www.softwarepublications.com.au



ISBN 978-1-922012-80-7

FNSBKG402A Establish and maintain a cash accounting system
FNSBKG403A Establish and maintain an accrual accounting system



Copyright/Trademark Information:

MYOB®, AccountantConnect®, AccountantsEnterprise®, AccountantsOffice®, AccountEdge®, AccountRight®, AccountRight Basics™, AccountRight Standard™, AccountRight Plus™, AccountRight Premier™, AccountRight Enterprise™, Accounting™, Accounting Plus™, Atlas by MYOB™, MYOB BusinessBasics™, BankConnect®, MYOB CashBasics™, ClientConnect®, ClientConnect Plus®, Exo™, FirstEdge®, LiveAccounts®, Love Your Work™, Mind Your Own Business®, MYOB - Making Business Life Easier®, MYOB Atlas®, MYOB ClientConnect®, MYOB Enterprise®, MYOB Exo®, MYOB M-Powered®, MYOB M-Power®, M-Powered Services™, M-Powered Bank Statements™, M-Powered Invoices™, M-Powered MoneyController™, M-Powered Payments™, M-Powered Superannuation™, ODBC DeveloperPack™, ODBC Direct™, PowerPay®, Premier®, Premier Enterprise®, RetailBasics®, RetailHospitality®, RetailManager®, RetailManager Enterprise®, RetailManager Professional®, RetailManager Standard®, RetailReady®, Smarter Connections™ are registered trademarks or trademarks of MYOB Technology Pty Ltd and their use is prohibited without prior consent. Ceedata, Solution 6 MAS and Xlon are registered trademarks or trademarks of Solution 6 Holdings Limited, a member of the MYOB group.

Adobe®, Acrobat®, Acrobat Reader®, Adobe Reader®, PDF™, and PostScript® are trademarks or registered trademarks of Adobe Systems Incorporated. AddressBook, Apple®, iMac, AirPort, iCal, Macintosh®, and QuickTime® and the QuickTime logo are registered trademarks of Apple Inc. MobileMeSM is a service mark of Apple Inc. Mac and the Mac logo are trademarks of Apple Inc., used under licence. Brio Intelligence and Hyperion Intelligence are trademarks or registered trademarks of Hyperion Solutions Corporation, Ctree use by permission from Faircom, Dapper used under licence with Apache Software, NiXPS used under licence, WinForms control set used by permission from DevExpress. Crystal Reports® is a registered trademark of Crystal Decisions, Inc. in the United States or other countries. FlexNet Connect® is a registered trademark of Flexera Software™ Inc. Google Maps™ card links included with permission. MasterCard® is a registered trademark of MasterCard International Inc, xerces is licenced under Apache Software. Microsoft, Access, Azure, DotNetZip, Excel, Fluent.Net, Internet Explorer, .Net Framework, Office, N-Log used under open source licence, Outlook, Smart Tags, Ribbon Control Library, SQL Azure, SQL CE, Windows, Word and WFPToolkit, are registered trademarks or trademarks of Microsoft Corporation in the United States or other countries.

Quicken® and QuickBooks® are registered trademarks of Intuit Inc. SM2DGraphView Copyright Snowmint Creative Solutions LLC snowmintcs.com. VISA® is a registered trademark of Visa International Service Association. RightNow CX® is a registered trademark of RightNow Technologies Inc. Sentry Spelling Checker Engine for Windows, copyright Wintertree Software Inc.

Other products mentioned may be service marks, trademarks or registered trademarks of their respective owners.

Limitations of Liability:

This material is designed to provide basic information on how to use MYOB AccountRight Standard/AccountRight Plus v19, v19.5, v19.6, v19.7, v19.8. Because business circumstances can vary greatly, the material is not designed to provide specific GST or business advice for particular circumstances. Also, because aspects of the GST are complex and detailed, the material is not designed to comprehensively cover all aspects of the GST. Further, the laws implementing GST and rulings and decisions under those laws may change.

Before you rely on this material for any important matter for your business, you should make your own enquiries about whether the material is relevant and still current, and whether it deals accurately and completely with that particular matter; and as appropriate, seek your own professional advice relevant to that particular matter.

This information is for the general information of MYOB clients and is not to be taken as a substitute for specific advice. Consequently Software Publications Pty Ltd, Marian Brown and Lyn Joyce will accept no responsibility to any person who acts on information herein without consultation with Software Publications Pty Ltd.

The information in this workbook is relevant to MYOB AccountRight Plus v19, v19.5, v19.6, v19.8, v19.8. Earlier or later versions of MYOB software could change the instructions in this workbook.

References to websites may also change owing to the changing nature of this type of information.

Relationship to Competency Standards

This workbook covers the following units of competency in the FNS10 Financial Services Training Package:

FNSBKG402A Establish and maintain a cash accounting system
and

FNSBKG403A Establish and maintain an accrual accounting system

FNSBKG402A Establish and maintain a cash accounting system

This unit describes the performance outcomes, skills and knowledge required to establish and manage organisational procedures in arranging for and administering receipts and payments to establish and maintain a manual and computerised bookkeeping system on a cash basis.

Element	Performance Criteria	Covered in
1. Identify relevant information and establish a chart of accounts	1.1 Business owner or manager is consulted to establish what business activities are undertaken, the nature of the entity and the industry type	Unit 7
	1.2 Existing material is identified and examined for relevance in creating and/or modifying the chart of accounts	Unit 7
	1.3 Business operations are examined in conjunction with the tax agent and business owner or manager to identify the accounting software required and to determine other relevant requirements	Unit 7
	1.4 Chart of accounts and opening balances for assets, liabilities, equity, income, cost of sales and expenses are established	Unit 7
	1.5 Chart of accounts and balances are validated and authorised by relevant persons	Unit 7
2. Analyse and verify source documents	2.1 Invoices and other source documents are verified for accuracy and compliance with taxation requirements	Page 143
	2.2 Discrepancies between monies owed and monies paid are identified and investigated according to organisational policies and procedures	Unit 8

Element	Performance Criteria	Covered in
3. Process receipts and payments	3.1 Payments are made and money is received and banked	Units 3 and 8
	3.2 Receipts and payments are coded and recorded in bookkeeping system on a cash basis	Units 3 and 8
	3.3 Receipts and payments are filed	Units 3 and 8
	3.4 Cash register is balanced against purchases and takings are processed in internal bookkeeping system	Pages 59–62
4. Set up and maintain a petty cash system	4.1 Petty cash expenditure authorisation record is prepared and expenditure encoded, recorded and filed	Pages 64–65
	4.2 Petty cash expenditure is reconciled and reimbursed	Pages 83 and 84
5. Process and reconcile credit cards	5.1 Credit card transactions are processed against invoices and other source documents, verified and reconciled against credit card statements	Page 66 Unit 8
	5.2 Credit card payments are processed in accordance with organisational policies and procedures	Page 66
6. Manage bank reconciliations and prepare and produce reports	6.1 On receipt of statement, processed transactions are verified against the bank statement in a timely manner	Units 4 and 8
	6.2 Bank entries are processed and verified and the bank statement is reconciled to balance as per bookkeeping system	Units 4 and 8
	6.3 Reports are produced in line with the business needs and are validated in a timely manner, with corrections made as required	Throughout workbook Page 53 Unit 5

Required skills and knowledge

Required skills:	Covered in
<ul style="list-style-type: none"> communication skills to: <ul style="list-style-type: none"> build relationships, determine and confirm client requirements, using questioning and active listening as required 	Throughout workbook
<ul style="list-style-type: none"> liaise with others, share information, listen and understand 	Throughout workbook
<ul style="list-style-type: none"> use language and concepts appropriate to cultural differences 	Throughout workbook
<ul style="list-style-type: none"> numeracy and IT skills to: <ul style="list-style-type: none"> accurately analyse, code, record and store data in accordance with organisational requirements 	Throughout workbook
<ul style="list-style-type: none"> access and use appropriate financial management software, spread sheets and databases 	Throughout workbook
<ul style="list-style-type: none"> use internet information 	Throughout workbook
<ul style="list-style-type: none"> analysis for accessing, interpreting and managing relevant financial data 	Throughout workbook
<ul style="list-style-type: none"> literacy skills for interpreting documentation and compiling reports 	Unit 4
<ul style="list-style-type: none"> self-management skills for complying with ethical, legal and procedural requirements 	Throughout workbook
<ul style="list-style-type: none"> problem solving skills to identify any issues that have the potential to impact on the bookkeeping process or outcome and to develop options to resolve these issues when they arise or refer to other professionals as appropriate 	Units 5 and 6
<ul style="list-style-type: none"> organisational skills, including the ability to plan and sequence work to provide a timely and professional service 	Throughout workbook
<ul style="list-style-type: none"> teamwork skills to identify activities required with business owners or managers and tax agents 	Throughout workbook
Required knowledge:	Covered in
<ul style="list-style-type: none"> statutory, legislative and regulatory requirements relevant to bookkeeping including future changes in requirements 	Pages 34–39
<ul style="list-style-type: none"> differences between cash and accrual accounting 	Pages 44
<ul style="list-style-type: none"> relevant industry codes of practice 	Page 228
<ul style="list-style-type: none"> relevant organisational policies and procedures in regard to processing accounts and transactions 	Throughout workbook
<ul style="list-style-type: none"> relevant statutory, legislative and regulatory requirements specifically with relation to ensuring that all bookkeeping activities undertaken meet requirements related to Activity Statements 	Unit 8
<ul style="list-style-type: none"> manual and computerised accounting systems 	Page 42 Unit 9

FNSBKG403A Establish and maintain an accrual accounting system

This unit describes the performance outcomes, skills and knowledge required to establish debtors and creditors, bad debt and contra entries, perform reconciliations, review compliance terms and conditions, plan a recovery action and prepare reports to set up and maintain a manual and computerised accrual accounting system.

Element	Performance Criteria	Covered in
1. Manage the chart of accounts	1.1 Chart of Accounts is adjusted to incorporate and establish debtors and creditors as new debtors and creditors arise.	Units 10 and 17
	1.2 Debtors and creditors subsidiary ledgers are established as required.	Units 10 and 17
2. Process invoices, adjustment notes and other general ledger transactions	2.1 Invoices to debtors are raised and invoice from creditors are allocated with source documents coded and processed	Units 11–17
	2.2 Payments from debtors are received, processed and banked in accordance with organisational policies and procedures.	Units 11–17
	2.3 Payments to creditors are made and processed in accordance with organisational policies and procedures.	Units 12–17
	2.4 Adjustments are raised and allocated to correct invoices	Pages 265–267
	2.5 Credit Notes are raised for adjustments to invoices and other transactions are entered into the general ledger	Pages 265–267 Units 14 and 16
3. Manage contra entries	3.1 Relevant persons are contacted and liaised with to verify contra deals.	Page 275
	3.2 Reporting procedures and documentation for contra entries are completed in accordance with organisational policies and procedures and contra entries are processed to update debtors, creditors and general ledger	Page 275
4. Identify and process bad debts	4.1 Bad debt status is verified through liaison with relevant persons and following attempts to work with debtors to clear debts	Pages 198, 199, 280, 281 and 343
	4.2 Reporting procedures and appropriate documentation are completed in accordance with organisational policies and procedures and bad debts are processed to update debtors and general ledger	Pages 198, 199, 280, 281, 283 and 343

Element	Performance Criteria	Covered in
5. Manage debt recovery	5.1 Activities and communication with debtors are reviewed in conjunction with relevant person, if applicable, to establish adequacy of follow-up	Pages 267–284 and 343
	5.2 Measures to collect monies, including the initiation of legal action and the seeking of expert advice, are undertaken in accordance with organisational policies and procedures	Pages 198, 199 and 343
6. Prepare and produce reports and trial balance	6.1 Reports are produced and transactions in report are validated	Throughout workbook
	6.2 Debtors and creditors are reconciled and relevant reports are produced with any necessary corrections made	Pages 279 and 350
	6.3 Trial Balance is produced and reports are presented and explained where necessary to relevant persons	Pages 286 and 331 Throughout workbook

Required skills and knowledge

Required skills:	Covered in
<ul style="list-style-type: none"> • communication skills to: <ul style="list-style-type: none"> • build relationships, determine and confirm client requirements, using questioning and active listening as required 	Throughout workbook
<ul style="list-style-type: none"> • liaise with others, share information, listen and understand 	Throughout workbook
<ul style="list-style-type: none"> • use language and concepts appropriate to cultural differences 	Throughout workbook
<ul style="list-style-type: none"> • numeracy and IT skills to: <ul style="list-style-type: none"> • accurately analyse, code, record and store data in accordance with organisational requirements 	Throughout workbook
<ul style="list-style-type: none"> • access and use appropriate financial management software, spread sheets and databases 	Throughout workbook
<ul style="list-style-type: none"> • use internet information 	Throughout workbook
<ul style="list-style-type: none"> • analysis for accessing, interpreting and managing relevant financial data 	Throughout workbook
<ul style="list-style-type: none"> • literacy skills for interpreting documentation and compiling reports 	Throughout workbook
<ul style="list-style-type: none"> • self-management skills for complying with ethical, legal and procedural requirements 	Throughout workbook
<ul style="list-style-type: none"> • problem solving skills to identify any issues that have the potential to impact on the debt recovery process or outcome and to develop options to resolve these issues when they arise or refer to other professionals as appropriate 	Pages 280–282

Required skills:	Covered in
<ul style="list-style-type: none"> organisational skills, including the ability to plan and sequence work to provide a timely and professional service 	Throughout workbook
<ul style="list-style-type: none"> teamwork skills to identify activities required with business owners or managers and tax agents 	Throughout workbook

Required knowledge:	Covered in
<ul style="list-style-type: none"> legal systems and procedures relevant to debt recovery and necessary preliminary steps, timing and acceptable avenues for recovering debts 	Throughout workbook
<ul style="list-style-type: none"> differences between cash and accrual accounting 	Pages 44, 118, 298 and 353
<ul style="list-style-type: none"> relevant industry codes of practice 	Page 228
<ul style="list-style-type: none"> relevant organisational policies, procedures and guidelines related to the processing of transactions and records 	Throughout workbook
<ul style="list-style-type: none"> relevant statutory, legislative and regulatory requirements specifically with relation to ensuring that all bookkeeping activities undertaken meet requirements related to Activity Statements 	Pages 34–39 Unit 15
<ul style="list-style-type: none"> manual and computerised accounting systems 	Page 42 Unit 9
<ul style="list-style-type: none"> concepts of double-entry accounting 	Unit 9

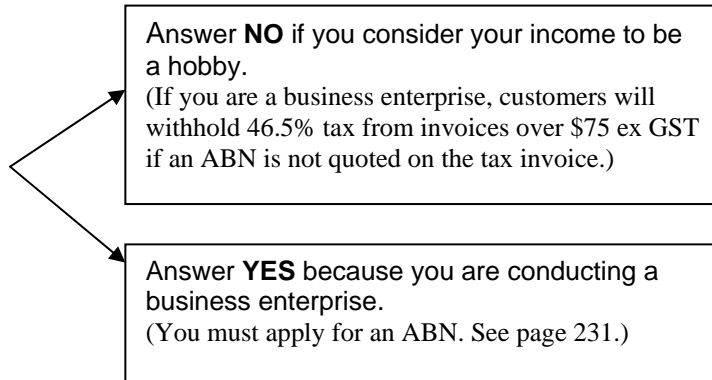
Assessment

Competency in FNSBKG402A and FNSBKG403A may be assessed using a combination of observation and practical exercises throughout this workbook.

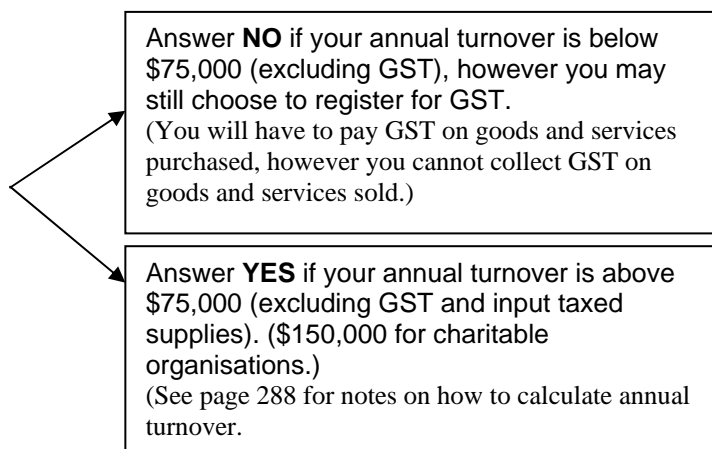
An assessment tool is also available on the Training resource CD corresponding to this workbook which is available to trainers/assessors.

Summary of Decisions to be made by a Business

Does the business apply for an Australian business number?



Does the business register for GST?



Questions for you to answer or research.

My annual turnover is estimated to be \$48,000. I sell fresh fruit and vegetables, however I plan to buy a new tractor and motor vehicle for my business in the future and expect to pay for repairs and maintenance. Should I register for GST?

.....

.....

.....

.....

My business is registered for GST. I wish to sell my business van to my neighbour who is not registered for GST. Do I charge him GST?

.....

.....

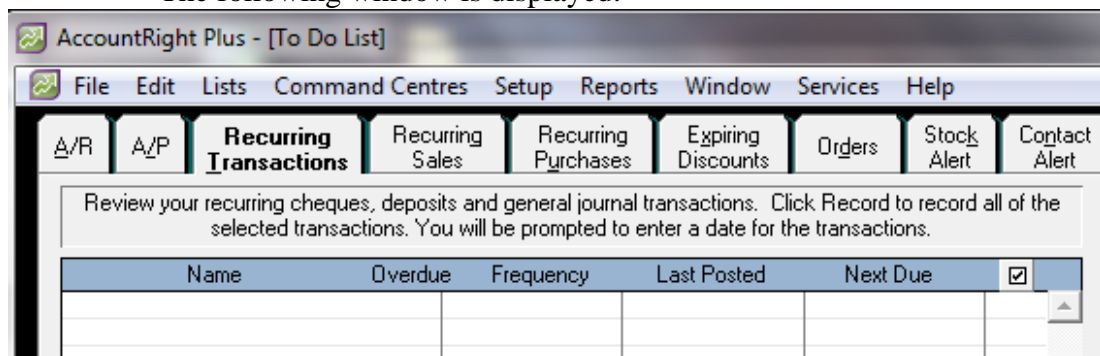
Solution can be found in the Solutions section.

Exploring the Command Panel

COMMAND PANEL: The Command Panel can be accessed from every Command Centre in MYOB and is used to view your **To Do List**, **Find Transactions**, to **analyse** your business's activities and to **run reports**.



- (i) Click on the words **To Do List** and select **Recurring Transactions** tab.
The following window is displayed:

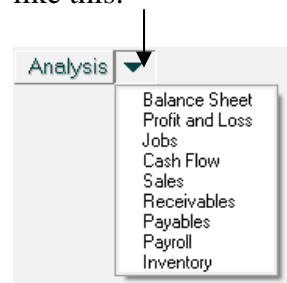


After you enter data, you will be able to view:

- Invoices not paid by customers (A/R = Accounts Receivable).
- Invoices not paid to suppliers (A/P = Accounts Payable).
- Recurring Transactions, Sales, Purchases (covered later in this workbook).
- Invoices with discounts which are payable.
- Orders.
- Stock Items which are below minimum levels.
- People you have to contact.

Click on **Close**.

- (ii) Click on the **Analysis** Search Icon to display a list of reports available like this:



In this window you can access a large number of reports. This feature is covered throughout this workbook.

- (iii) **Explore the Command Panel.** The Command Panel will be used throughout this workbook.

Return to the Command Centre.

Unit 2 Summary Activity

MENU BAR: Point to the Menu Bar and SELECT **Setup**. Note the drop-down menus. Select **Company Information**. View the Company Name, ABN, current Financial Year and date when company file was created. **Return to the Command Centre.**

COMMAND CENTRE: The MYOB Command Post. From this centre you can choose the particular type of activity you want to enter.

Select the **Banking Command Centre**.

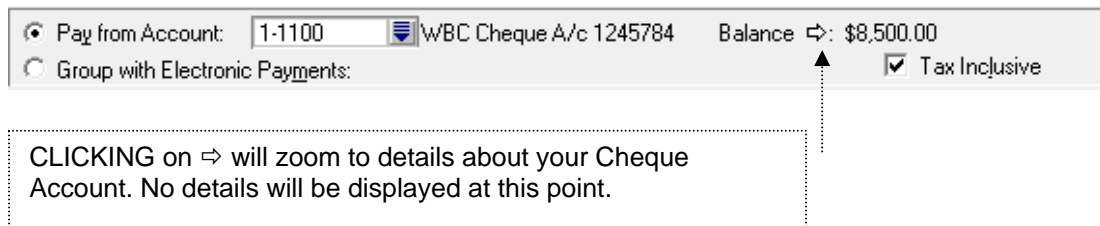
FLOWCHART: Each button in the flowchart directs you to a particular activity (function) you can carry out.

Select **Spend Money**.

WINDOWS: Data is entered in this window.

ZOOM ARROWS: Zoom Arrows allow you to **zoom** in or look closer at particular details.

Click on the zoom arrow to the right of **Balance** at the top of your **Spend Money** window.



ESC key: Use the **ESC key** twice as a method to close windows to **return to the Command Centre**.

TAX CODES: In the **Accounts** Command Centre, select **Accounts List** and view the default tax codes for the **Asset** accounts. **Return to the Command Centre.**

Exiting your MYOB Company File

- (i) To exit your file, SELECT **File** in the Menu Bar.
- (ii) Select **Exit**.
- (iii) You are asked if you wish to make a backup. At this point, select **No**.

Manual vs Computerised Accounting Systems

Manual accounting requires that all journal entries, invoices and other financial documents be created by hand. This requires the use of ledger books, analysis paper and written reports.

Computerised accounting allows users to input information into accounting software programs.

Speed & Accuracy

Computerised accounting produces information much faster than manual accounting. Accounting software packages, such as MYOB, QuickBooks and cloud accounting software, come with built-in databases that allow users to input data, therefore increasing efficiency and accuracy.

Manual accounting systems are prone to mathematical errors and misplaced numbers. With a computerised accounting system, your business data is automatically calculated based on numbers you input.

Financial Statements

In a manual accounting system, you have to prepare your business profit and loss statement, balance sheet and other reports by hand. Information from your journal entries helps formulate your company's financial statements. Computerised accounting systems allow financial statements to be created from information stored in the database.

Cost

The cost of computerised accounting systems can range from hundreds to thousands of dollars for large businesses. A computerised accounting system may save on man hours used for creating financial statements and other reports. For this reason, many small and mid-sized businesses use computerised accounting software.

Reports

Reports are created in a timely manner when using a computerised accounting system. Reports generated from computerised accounting software allow managers to run the company in a more efficient manner. Creating reports in a manual accounting system can many hours to produce and may lead to more staff frustration and result in having to work with out-dated information.



Extract from Policies and Procedures

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. An 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. After 60 days, the bad debt recovery procedures on the following page will be taken.
4. Customer enquiries and complaints are handled immediately in a professional manner.
5. Statements are printed at the end of each month.
6. The sale of tyres includes fitting and balancing.
7. Tyre repairs are charged according to time spent and materials used.
8. Car Care training invoices are sent to the local Community College.

Overdue Accounts, Revenue Protection and Debt Recovery

When customers have exceeded their Credit Terms and/or Credit Limit, Brocks Tyreworld must have a procedure in place to advise all staff that no further credit will be extended until at least part of the outstanding account has been paid. Statements/letters indicating the overdue amount can be issued and followed up with a courteous telephone call.

If the more subtle methods of reminding debtors of their responsibility to pay overdue accounts do not result in payment, the organisation may employ a debt collector. The final step is to take legal action through the local court.

MYOB offer the following services to assist in Revenue Protection and Debt Collection. Select the following website:

- (a) Go to www.myob.com.au
- (b) Type **Revenue Protection Service** in the Search box.
- (c) Click on the link offered by the MYOB Partner, Dun and Bradstreet:

Revenue Protection Service - A suite of services from MYOB partner Dun & Bradstreet

Maximise your revenue protection ability with the help of MYOB Revenue Protection Service, a suite of services from MYOB partner Dun & Bradstreet.

The following webpage is shown:

The screenshot shows the MYOB website's 'Revenue Protection Service' page. The header includes the MYOB logo, navigation links for Business, Enterprise, Accounting Practices, Partners, Blog, and About MYOB, a shopping cart icon, and a Sign in button. Below the header is a secondary navigation bar with Products, Support, Training, and Contact Us, along with a search bar. The main content area features a large padlock icon with a dollar sign, the title 'Revenue Protection Service', and the tagline 'Helping Australian businesses to better manage billing cycles and increase their chances of business success'. A 'Tools' sidebar on the right lists various services like 'Find Products', 'Help me choose', 'Try MYOB Free', 'Get Help', 'MYOB Support', 'Onsite assistance', 'Community Forum', 'Do More', 'Updates & Upgrades', 'Register software', and 'MYOB Training'. At the bottom, there are three checkmarks indicating ideal users: 'Want to access the credit status of customers', 'Want to protect your cash flow', and 'Require access to marketing lists'.

Using Legal Action for Debt Recovery

If the business is considering legal action for the recovery of a debt, how you threaten legal action must comply with the Commonwealth Consumer Protection laws.

Therefore it is very important that you seek the advice of a solicitor before taking any such actions.

For example, falsely threatening legal action when no action will be taken could breach the laws, and how legal action is employed in some circumstances could constitute harassment or unconscionable conduct under the Fair Debt Collection Practices Act (FDCP).

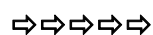
The ACCC is responsible for dealing with misconduct associated with debt collection activity. Their website offers the following services for businesses:

The screenshot shows the ACCC website's 'Business' services page. It features a sidebar with a list of business-related topics: Advertising & promoting your business, Anti-competitive behaviour, Applying for exemptions, Business rights & protections, Franchising, Industry codes, Mergers, Pricing, Professional services, and Treating customers fairly. The main content area is titled 'Business' and includes three sections: 'Free online education program' (describing a program for small businesses), 'Mergers register' (listing public merger applications), and 'Cartels' (describing illegal agreements between competitors).

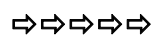
Source: www.accc.gov.au/business, retrieved 2 June 2013

Debt Collection Recovery Steps – Brocks Tyreworld

1. Regularly analyse receivable to determine outstanding debtors.
2. Send monthly invoice or activity statements.
3. Identify doubtful debts – those who are late or cheques bounce.
4. Make first follow-up phone call – record in MYOB's contact logs.
5. Make a second follow-up call – record in MYOB's contact logs.
6. After 50 days - send first collection letter.
7. After 60 days - send second collection letter - reviewing credit terms and place on credit hold.
8. Decide your next step – write off as a bad debt or take legal action.



In this Unit, you will be using the company file used in Unit 10 - Brocks Tyreworld Accrual 19.myo



In this Unit, you will be using the same month used in Unit 10.

Valid Tax Invoices

When goods or services are provided and the GST sale is more than \$75 exclusive of GST, a **tax invoice** must be issued to the customer as proof of purchase. A customer cannot claim the **input tax credit (GST)** unless the invoice contains the following:

- The suppliers identity and ABN.
- If the consideration for the supply is \$1000 or more, the recipient's identity or ABN must be included
- What is supplied, including the quantity and price of what is supplied.
- The extent to which the supplies are taxable.
- The date of issue.
- The amount of GST payable and if the document is a recipient created tax invoice, that the GST is payable by the supplier.
- It must also be clear from the document that it is intended to be a tax invoice, and if the document is issued by the recipient, a recipient created tax invoice.

Source: www.comlaw.gov.au/Details/C2010B00072/Explanatory%20Memorandum/Text, Tax Laws Amendment (2010 GST Administration Measures No. 2) Bill 2010, retrieved 3 June 2013.

Note: If amount <\$75 ex GST, docket is still required for income tax purposes, i.e. \$82.50 inc GST.

⇒⇒⇒ **Brocks Tyreworld's invoices**

- Will show inclusive price and amount of GST.
- Angus has registered for MYOB M-Powered invoices which allow customers to pay by BPay, credit card and at the Post Office (recorded as EFTPOS in MYOB).
- M-Powered invoices will **not** be used when billing the Local Community College.

The business will use service and professional invoices in this unit, however in a later unit, the business will change to use inventory and item invoices.

Using Count Inventory to enter Stocktake

Item Number	Description	Cost price ex GST	No of tyres on hand
464732	Lightyear 215/60R16	115	108
465872	Lightyear 235/45R17	130	235
473216	Lightyear 205/65R15	100	140
	Total Value of Tyres on Hand	\$56,970.00	

To enter the above stocktake:

- (i) Select the **Inventory** Command Centre button.
- (ii) Select **Count Inventory**.
- (iii) Enter the above stocktake figures in the Counted column like this:

Item Number	Item Name	On Hand	Counted	Difference
464732	Lightyear 215/60R16	0	108	108
465872	Lightyear 235/45R17	0	235	235
473216	Lightyear 205/65R15	0	140	140

- (iv) Select **Adjust Inventory**.
- (v) Select **Continue** on the next window. Do not enter an account.
- (vi) Select **Opening Balances**.
- (vii) Enter the following **cost (ex GST)** of tyres like this:

Inventory Journal Number:	<input type="text" value="IJ000001"/>
Date:	<input type="text" value="End/month"/>
Memo:	<input type="text" value="Inventory count"/>

Item Number	Quantity	Unit Cost	Amount	Account	Job	Memo
⇒464732	108	\$115.00	\$12,420.00	1-2300		
⇒465872	235	\$130.00	\$30,550.00	1-2300		
⇒473216	140	\$100.00	\$14,000.00	1-2300		

- (viii) To view the double-entry for this transaction, select **Edit** in the Menu Bar and select **Recap Transaction**.

Your entry will look like this. (This entry is really just putting the tyres into the stock ledger.)

Recap Transaction in Adjust Inventory					
Src	Date	ID#	Account	Debit	Credit
IJ	3/06/2013		Inventory count		
		Auto #	1-2300 Stock of Tyres on hand		\$56,970.00
		Auto #	1-2300 Stock of Tyres on hand	\$12,420.00	
		Auto #	1-2300 Stock of Tyres on hand	\$30,550.00	
		Auto #	1-2300 Stock of Tyres on hand	\$14,000.00	

- (ix) **Record** the transaction.

Return to the Command Centre.

You are now ready to enter the purchases and sales of tyres.

Before entering transactions, you need to review the card for **Best Tyres**.

Amend the following **Buying Details** so that whenever stock is purchased from them, the purchase order and invoice will be in ITEM layout (automatically referring to individual stock items and taking note of cost prices).

Profile	Card Details	Buying Details	Payment Details
Best Tyres			
Purchase Layout:	Item		
Printed Form:	INCIPPLN-2009		
Purchase Order Delivery:	To be Printed		

Return to the Command Centre.

Entering an Order for Tyres

Brocks Tyreworld ordered the following items on end/month.

- (i) In the **Purchases** Command Centre, select **Enter Purchases**.
- (ii) Select **Order** and enter the following order.
Press **TAB** to generate the item list in the **Item Number** column and select the item you want.

ORDER		Supplier: Best Tyres	Terms: Net EDM after EDM	<input checked="" type="checkbox"/> Tax Inclusive				
Ship to: Brocks Tyreworld - Your Name Address of your choice		Purchase #: 00000007	Date: End/month	Supplier Inv#:				
Order	Received	Item Number	Description	Price	Disc%	Total	Job	Tax
10		464732 TA	Lightyear 215/60R16 Accessories	\$140.00		\$1,400.00 \$210.00		GST GST
Tyre Accessories are not inventoried; therefore no quantities or individual values have been entered.								
Comment:		Subtotal:				\$1,610.00		
Ship Via:		Freight:				\$0.00	GST	
Promised Date:		Tax:				\$146.36		
		Total Amount:				\$1,610.00		
Journal Memo: Purchase; Best Tyres		Paid Today:				\$0.00		
Order Delivery Status: To be Printed		Balance Due:				\$1,610.00		
<input type="checkbox"/> Save as Recurring		<input type="checkbox"/> Use Recurring		<input type="checkbox"/> Spell				

PRINTOUT 17 – Purchase Order to Fax to Best Tyres

- (iii) Select **Print**, select form INCIPPLN-2009 and print a copy of your first item invoice.

Look at the order form.

The **Item Number** printed on the Order Form is the item number keyed in the **Buying Details** (see page 256).

Return to the Command Centre.

Entering Sales of Tyres

End/month

Purchase Order 444

ORDER RECEIVED FROM:

Able Rent-A-Car

Address of your choice

100 465872 Lightyear 235/45R17

A 10% bulk discount was given to Able Rent-A-Car.

- (i) In **Sales Command Centre**, select **Enter Sales**.
- (ii) Enter the above sale to Able Rent-A-Car. A 10% bulk discount was given for the large order.
- (iii) Create a card for **Able Rent-A-Car. Terms: 30 days, 2.5% cash discount if paid in 7 days.**
- (iv) In the **Selling Details**, select Sale **Layout** as an **Item** invoice, INCIPLN-2009.

Ship	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
100		465872	Lightyear 235/45R17	\$330.00	10%	\$29,700.00		GST

Customer: Able Rent-A-Car Terms: 2.5% 7 Net 30 Tax Inclusive

Ship to: Able Rent-A-Car Invoice #: 00000007 Date: End/month

Customer PO #: 444

Salesperson: Subtotal: \$29,700.00

Comment: 10% discount allowed for bulk order Freight: \$0.00 GST

Ship Via: Tax: \$2,700.00

Promised Date: Total Amount: \$29,700.00

- (v) **Recap** the transaction. (Edit, Recap)

Your entry will look like this:

Recap Transaction in Sales - New Item					
Src	Date	ID#	Account	Debit	Credit
SJ	31/07/2013		Sale; Able Rent-A-Car		
		Auto #	1-2000 Trade Debtors	\$27,000.00	
		Auto #	1-2000 Trade Debtors	\$2,700.00	
		Auto #	4-1000 Sales - Tyres		\$27,000.00
		Auto #	2-3010 GST Collected		\$2,700.00
		Auto #	5-5000 Cost of Sales - Tyres	\$13,000.00	
		Auto #	1-2300 Stock of Tyres on hand		\$13,000.00

Explanation:

Sale of Tyres:	\$27,000
Cost of the 100 tyres:	\$13,000
Therefore this sale resulted in a gross profit of	\$14,000
GST Collected to be sent to the ATO:	\$2,700

PRINTOUT 18 – Invoice to send to Able Rent-A-Car

- (i) Select **Print**.
- (ii) Select **Select another Form**.
- (iii) Select **OK**.
- (iv) Select **MPS-INCIPLN-2009** from the list.
- (v) Print a copy of the invoice.

Look at the printed invoice and note the following.

- Selling Price includes GST. (You would select MPS-EXIPLN-2009 to print GST exclusive selling price.)
- Brocks Tyreworld's ABN is quoted.
- The words Tax Invoice are printed on the invoice.
- Terms are printed on the invoice.
- The original selling price and the 10% discount are printed on the invoice.
- Amount of GST is displayed.
- The total amount owing including GST is printed on the invoice.
- M-Powered Invoices allows the customer to pay by credit card, BPay, and BillPay.

Return to the Command Centre.

FNS Financial Services Training Package Supplement

This learner guide can be used by learners completing a qualification in the FNS Financial Services Training Package.

FNSBKG402 Establish and maintain a cash accounting system

Application

This unit describes the skills and knowledge required to establish and administer a cash receipts and payments system, and manage bank reconciliations and reporting responsibilities for manual and computerised systems.

It applies to individuals in positions with some responsibility who may use a range of organisational and analytical techniques to provide bookkeeping services for organisations and small business owners or managers.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or the relevant regulator for specific guidance on requirements.

Elements and Performance Criteria

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	Assessment task option 1	Assessment task option 2
1. Identify relevant information and establish chart of accounts	1.1 Consult business owner or manager to establish what business activities are undertaken, nature of entity and industry type	Unit 7	Task 1	Task 1
	1.2 Identify existing material and examine for relevance in creating and/or modifying chart of accounts	Unit 7	Task 1	Task 1
	1.3 Examine business operations in conjunction with tax agent and business owner or manager to identify accounting software required and determine reporting requirements	Unit 7	Task 1	Task 1
	1.4 Establish chart of accounts and opening balances for assets, liabilities, equity, income, cost of sales and expenses	Unit 7	Task 2	Task 2
	1.5 Refer prepared chart of accounts and balances for validation and authorisation by relevant persons	Unit 7	Task 3 Printouts 2 and 3	Task 3 Printouts 2 and 3
2. Analyse and verify source documents	2.1 Verify invoices and other source documents for accuracy and compliance with taxation requirements	Page 143	Task 7	Task 7
	2.2 Identify and investigate discrepancies between monies owed and monies paid according to organisational policy and procedures	Unit 8	Tasks 11 and 4	Tasks 11 and 4

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	Assessment task option 1	Assessment task option 2
3. Process receipts and payments	3.1 Collect payments and bank money received	Units 3 and 8	Tasks 6 and 7	Tasks 6 and 7
	3.2 Code and record receipts and payments in bookkeeping system on cash basis	Units 3 and 8	Tasks 6 and 7	Tasks 6 and 7
	3.3 File receipts and payments	Units 3 and 8	Tasks 6 and 7	Tasks 6 and 7
	3.4 Balance cash register against purchases and process takings in internal bookkeeping system	Pages 59–62	Tasks 6 and 7	Tasks 6 and 7
4. Set up and maintain petty cash system	4.1 Prepare expenditure authorisation record of encoded, recorded and filed expenditure	Pages 64–65	Task 9	Task 9
	4.2 Reconcile and reimburse expenditure	Pages 83 and 84	Task 9	Task 9
5. Process and reconcile credit cards	5.1 Process credit card transactions against invoices and other source documents, and verify and reconcile against credit card statements	Page 66 Unit 8	Tasks 10 and 11	Tasks 10 and 11
	5.2 Process credit card payments in accordance with organisational policy and procedures	Page 66	Tasks 4 and 10	Tasks 4 and 10
6. Manage bank reconciliations and prepare and produce reports	6.1 Verify processed transactions promptly against bank statement on receipt of statement	Units 4 and 8	Task 11	Task 11
	6.2 Process and verify bank entries and reconcile bank statement to balance as per bookkeeping system	Units 4 and 8	Task 11	Task 11
	6.3 Produce validated reports in line with business needs in timely manner, and make corrections as required	Throughout workbook Page 53 Unit 5	Tasks 6, 7, 11, 12 and 13	Tasks 6, 7, 11, 12 and 13

Foundation skills

Skill	Performance Criteria	Description	Workbook reference
Reading	1.2, 1.3, 2.1, 2.2, 5.1, 6.1	<ul style="list-style-type: none"> Evaluates information from a variety of sources to determine relevance to requirements 	Throughout workbook
		<ul style="list-style-type: none"> Checks detailed information for consistency and accuracy, and identifies sources of error 	Units 5 and 6
Writing	1.4, 3.2, 3.4, 4.1, 6.3	<ul style="list-style-type: none"> Records information accurately in required formats, and prepares and amends authenticated reports that meet business requirements 	Throughout workbook
Oral communication	1.1, 1.3, 1.5, 2.2	<ul style="list-style-type: none"> Engages in effective interactions with others using careful questioning and listening techniques to elicit relevant information and confirm understanding of requirements 	Throughout workbook
Numeracy	1.3, 1.4, 2.1, 2.2, 3.1, 3.4, 4.1, 4.2, 5.1, 5.2, 6.2, 6.3	<ul style="list-style-type: none"> Uses a range of financial calculations to establish balances, verify accuracy of documents and identify errors 	Throughout workbook
		<ul style="list-style-type: none"> Applies developed mathematical strategies to perform a range of transactions, reconciliations and verification processes in compliance with organisational and regulatory requirements and bookkeeping systems 	Throughout workbook
		<ul style="list-style-type: none"> Uses numerically based coding system 	Throughout workbook
		<ul style="list-style-type: none"> Uses mathematical language to communicate financial requirements 	Throughout workbook
Navigate the world of work	2.1, 2.2, 5.2, 6.2	<ul style="list-style-type: none"> Takes responsibility for adherence to policies, procedures, and legal and ethical requirements 	Throughout workbook
Interact with others	2.2	<ul style="list-style-type: none"> Selects appropriate conventions and protocols to communicate in interactions that aim to investigate discrepancies 	Throughout workbook
		<ul style="list-style-type: none"> Adapts personal communication style to show respect for the values, beliefs and cultural expectations of others 	Throughout workbook
Get the work done	1.1-1.5, 2.2, 2.3, 3.1-3.4, 4.1, 4.2, 5.1, 5.2, 6.1-6.3	<ul style="list-style-type: none"> Organises and completes work according to defined requirements, taking responsibility for decisions and sequencing tasks to achieve efficient outcomes 	Throughout workbook
		<ul style="list-style-type: none"> Uses systematic analytical processes in complex, routine and non-routine situations, gathering information and identifying and evaluating potential solutions 	Throughout workbook
		<ul style="list-style-type: none"> Uses digital tools to design work processes and to complete work tasks 	Throughout workbook

Assessment requirements v1.0

Performance evidence

Evidence of the ability to:	Assessment task option 1	Assessment task option 2
<ul style="list-style-type: none"> establish client files and set up manual and computerised bookkeeping system on a cash basis 	Tasks 1–3	Tasks 1–3
<ul style="list-style-type: none"> thoroughly check invoices, receipts, payments and balances outstanding 	Task 7	Task 7
<ul style="list-style-type: none"> use bank account and cash reconciliation processes 	Task 11	Task 11
<ul style="list-style-type: none"> establish a basic chart of accounts 	Task 2	Task 2
<ul style="list-style-type: none"> carry out bank reconciliations and prepare reports 	Task 11	Task 11
<ul style="list-style-type: none"> follow organisational procedures and legislative requirements in conducting all activities. 	Throughout assessment	Throughout assessment

Knowledge evidence

To complete the unit requirements safely and effectively, the individual must:	Assessment task option 1	Assessment task option 2
<ul style="list-style-type: none"> explain the differences between cash and accrual accounting 	Task 1 (iii)	Task 1 (iii)
<ul style="list-style-type: none"> describe the key accounting and reporting requirements for different types of business entities 	Tasks 6, 7, 11, 12 and 13	Tasks 6, 7, 11, 12 and 13
<ul style="list-style-type: none"> explain bookkeeping activities necessary to meet the requirements of activity statement statutory, legislative and regulatory requirements 	Task 1	Task 1
<ul style="list-style-type: none"> outline relevant industry codes of practice 	Task 1 (vi)	Task 1 (vi)
<ul style="list-style-type: none"> describe organisational policy and procedures that relate to processing accounts and transactions 	Throughout assessment	Throughout assessment
<ul style="list-style-type: none"> outline possible reasons for discrepancies between monies owed and monies paid 	Tasks 6 and 7	Tasks 6 and 7
<ul style="list-style-type: none"> outline the different features of manual and computerised accounting systems. 	Task 1 (vii)	Task 1 (vii)

FNSBKG403 Establish and maintain an accrual accounting system

Application

This unit describes the skills and knowledge required to establish debtors and creditors, manage debt recovery, perform reconciliations and prepare reports for accrual accounting in manual and computerised accounting systems.

It applies to individuals who may use managerial and other techniques to provide contract bookkeeping services for organisations and small business owners.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or the relevant regulator for specific guidance on requirements.

Elements and Performance Criteria

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	Assessment task option 1	Assessment task option 2
1. Manage chart of accounts	1.1 Adjust chart of accounts to incorporate and establish debtors and creditors as they arise	Units 10 and 17	Tasks 2, 3 and 4	Tasks 2, 3 and 4
	1.2 Establish debtor and creditor subsidiary ledgers as required	Units 10 and 17	Tasks 5 and 6	Tasks 5 and 6
2. Process invoices, adjustment notes and other general ledger transactions	2.1 Raise invoices to debtors and allocate invoices to creditors with coded and processed source documents	Units 11–17	Task 9	Task 9
	2.2 Process and bank payments from debtors in accordance with organisational policy and procedures	Units 11–17	Task 9	Task 9
	2.3 Process payments to creditors in accordance with organisational policy and procedures	Units 12–17	Task 9	Task 9
	2.4 Allocate adjustments to correct invoices	Pages 265–267	Task 9	Task 9
	2.5 Raise credit notes for adjustments to invoices and enter other transactions into general ledger	Pages 265–267 Units 14 and 16	Task 9 Transactions 5, 21 and 22	Task 9 Transactions 5, 21 and 22
3. Manage contra entries	3.1 Contact and liaise with relevant persons to verify contra deals	Page 275	Transaction 23	Transaction 23
	3.2 Complete reporting procedures and documentation for contra entries in accordance with organisational policy and procedures, and process contra entries to update debtors, creditors and general ledgers	Page 275	Transaction 23	Transaction 23

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	Assessment task option 1	Assessment task option 2
4. Identify and process bad debts	4.1 Liaise with relevant persons to report and verify bad debt if negotiations with debtors do not produce successful outcomes	Pages 198, 199, 280, 281 and 343	Transactions 16 and 17	Transactions 16 and 17
	4.2 Complete reporting procedures and appropriate documentation in accordance with organisational policy and procedures, and process bad debts to update debtors and general ledgers	Pages 198, 199, 280, 281, 283 and 343	Transactions 16 and 17	Transactions 16 and 17
5. Manage debt recovery	5.1 Review activities and communication with debtors with relevant persons to determine adequacy of follow up, if applicable	Pages 267–284 and 343	Transaction 27	Transaction 27
	5.2 Start processes to collect monies that include initiation of legal action and consultation with experts, in accordance with organisational policy and procedures	Pages 198, 199 and 343	Transaction 27	Transaction 27
6. Prepare and produce reports and trial balance	6.1 Produce reports that contain validated transactions	Throughout workbook	Printouts 15–18	Printouts 15–18
	6.2 Reconcile debtors and creditors, and produce accurate relevant report	Pages 279 and 350	Transactions 27 and 28	Transactions 27 and 28
	6.3 Produce trial balance and present reports to relevant persons with explanations as required	Pages 286 and 331 Throughout workbook	Printout 19 Transaction 35	Printout 19 Transaction 35

Foundation skills

Skill	Performance Criteria	Description	Workbook reference
Reading	2.1-2.5, 5.1	<ul style="list-style-type: none"> Reviews relatively complex information for accuracy and relevance to requirements 	Throughout workbook
Writing	1.1, 1.2, 2.1, 2.4, 2.5, 3.1, 3.2, 4.2, 5.2, 6.1, 6.2	<ul style="list-style-type: none"> Records information accurately in required formats that comply with organisational requirements and bookkeeping practice 	Throughout workbook
		<ul style="list-style-type: none"> Prepares, produces and updates accurate, relatively complex financial information in required report formats 	Throughout workbook
Oral communication	3.1, 4.1, 5.1, 5.2, 6.3	<ul style="list-style-type: none"> Participates effectively in exchanges with others using questioning and active listening to elicit required information and confirm understanding 	Throughout workbook
Numeracy	2.2-2.5, 3.2, 6.1-6.3	<ul style="list-style-type: none"> Performs an extended range of financial transactions and maintains accurate recording and reconciliation processes 	Throughout workbook
		<ul style="list-style-type: none"> Extracts, interprets and prepares accurate relevant numerical data for reports 	Throughout workbook
Navigate the world of work	2.2, 2.3, 5.2	<ul style="list-style-type: none"> Takes responsibility for adherence to organisational policy, procedures, and legal and ethical requirements 	Throughout workbook
Interact with others	3.1, 4.1, 5.1, 5.2	<ul style="list-style-type: none"> Selects and uses appropriate conventions and protocols when communicating with internal and external stakeholders across a range of work contexts 	Throughout workbook
		<ul style="list-style-type: none"> Collaborates and negotiates respectfully and courteously with debtors to achieve required outcomes in potentially contentious situations 	Pages 267–284 and 343
Get the work done	1.1, 1.2, 2.1-2.5, 3.1, 3.2, 4.1, 4.2, 5.1, 5.2, 6.1-6.3	<ul style="list-style-type: none"> Organises and completes work according to defined requirements, taking responsibility for decisions and sequencing tasks to achieve efficient outcomes 	Throughout workbook
		<ul style="list-style-type: none"> Uses systematic analytical processes in complex, routine and non-routine situations, gathering information and identifying and evaluating potential solutions 	Throughout workbook
		<ul style="list-style-type: none"> Uses digital tools to design work processes and to complete work tasks 	Throughout workbook

Assessment requirements v1.0

Performance evidence

Evidence of the ability to:	Assessment task option 1	Assessment task option 2
<ul style="list-style-type: none"> manage manual and computerised chart of accounts, incorporating accounts receivable and accounts payable, according to organisational procedures and legislative requirements 	Throughout assessment	Throughout assessment
<ul style="list-style-type: none"> review completed accounts receivable and payable processes and identify bad and doubtful debts 	Throughout assessment	Throughout assessment
<ul style="list-style-type: none"> plan recovery actions in accordance with legal requirements 	Transactions 16, 17 and 27	Transactions 16, 17 and 27
<ul style="list-style-type: none"> deal with debtors courteously and respectfully 	Transaction 27	Transaction 27
<ul style="list-style-type: none"> produce a trial balance. 	Printout 19	Printout 19

Knowledge evidence

To complete the unit requirements safely and effectively, the individual must:	Assessment task option 1	Assessment task option 2
<ul style="list-style-type: none"> explain the differences between cash and accrual accounting 	Task 1 (iv)	Task 1 (iv)
<ul style="list-style-type: none"> explain the concept of double-entry accounting 	Task 9 Transaction 33	Task 9 Transaction 33
<ul style="list-style-type: none"> identify relevant legal processes and describe procedures relevant to debt recovery 	Transaction 27	Transaction 27
<ul style="list-style-type: none"> describe the necessary preliminary steps, timing and acceptable avenues for recovering debts 	Transaction 27	Transaction 27
<ul style="list-style-type: none"> explain organisational policy and procedures related to the processing of transactions and records 	Throughout assessment	Throughout assessment
<ul style="list-style-type: none"> identify the key legislative requirements that relate to compliant bookkeeping practice 	Task 7	Task 7
<ul style="list-style-type: none"> describe the key features and differences between the operation of manual and computerised accounting systems. 	Throughout assessment	Throughout assessment