MYOB PROJECT

ACCT103 Accounting and Taxation: An Introduction

Semester Two, 2018

Department of Accounting & Information Systems (ACIS)

Student Workbook

Name: _____

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The Assignment – MYOB Project

Overview

In this assignment, you are to create a business profile and record day to day transactions including GST and payroll transactions by using MYOB Essentials. This project also involves the preparation of common financial reports and a GST return.

Based on the information you have processed and the financial reports you have prepared by using MYOB, you will also be required to write a management report to evaluate the performance of the business.

Parameters

This is an **individual** assignment. Always use your own legal name, student ID and uclive email account when required.

Weighting: 17% of the course (using MYOB Essentials: 9.6%; The Statement of Cashflows: 2.4% Management Report: 5%)

Due date: 10:00 am, Monday 10 September 2018

Submission: You are required to submit the electronic files only.

Required:

1. You are required to generate and submit the following documents by using MYOB Essentials:

   1) A Quote generated for a customer on request;
   2) General ledger details for a particular bank account;
   3) Journals – a list of all journal entries created on a specific date;
   4) GST Return for a specific period;
   5) A statement of profit and loss for a specific period; and
   6) A balance sheet.

   (8 marks each, 48 marks in total)

2. You are required to assemble a Statement of Cash Flows based on the information you have processed by using MYOB Essentials. However, this Statement of Cash Flows needs to be prepared by yourself without using the accounting software.

   (12 marks)

3. You are required to write up a management report to evaluate the financial performance and financial position for the business.

   (25 marks)

   TOTAL: 85 MARKS

Further information

Background – your business

It is assumed that you own and run your sole trader business, selling one type of specialised home theatre system (Winterthur Ultra02) and also provide installation and repair services. Your business is based in Christchurch. You have no employees. Your business is registered for GST on the accrual (invoice) basis and prepares GST every month. You have some regular suppliers and customers. The financial year of your business runs from 1 April to 31 March.

Since you have learnt accounting as a part of your university degree, you have decided to use a cloud-based accounting software package to account for your own business. Your task is to set up your business profile, record and process daily transactions of your business using MYOB Essentials. It is hoped that at the end of each month, you will be able to evaluate the operation of your business by examining the financial statements prepared from accounting software package.

MYOB Essentials

MYOB Essentials is easy online accounting software that has everything needed to take care of a small business. It is a fast and easy way to manage cash flow and IRD compliance requirements. It includes time saving features to help take care of the day-to-day bookkeeping and financial reporting.

More details about MYOB Essentials can be found at: https://www.myob.com/nz/accounting-software/essentials.

Assignment tasks

You will complete this assignment by following the step-by-step instructions documented in this workbook.

First, you will need to sign up to a student trial account with MYOB Essentials. **You must use your student <u>uclive</u> email account to create and access this trial.**   Since MYOB Essentials is a cloud-based software package you can work on this assignment anytime and anywhere where internet is available.   MYOB Essentials can be accessed via a range of devices, but it is **NOT** recommended that you use your mobile phone for completing this assignment.

It is recommended that you use 'Chrome' as your browser. To download Chrome, go to: https://www.google.com/chrome/.

Second, you will input and process the required information specified in your workbook. **This assignment is completed entirely by your self-instructed learning.** Note that this assignment is an individual assignment. Although you are encouraged to work on this assignment with your fellow classmates as a part of your self-directed and collective learning, you must complete this assignment with your own efforts.   **The ACIS Department policies about the conduct of student assessments apply.**

Detailed guidance on what and how to submit is provided in the Section 12 of this workbook.

Technical assistance

There will be six (6) optional drop-in sessions facilitated by academic staff members of the course. Details of these drop-in sessions are as follows:

Session	Date	Time	Computer lab
(1)	Tuesday 14 August	15:00-16:00	Jack Erskine 001
(2)	Wednesday 15 August	16:00-17:00	Jack Erskine 248
(3)	Tuesday 21 August	15:00-16:00	Jack Erskine 001
(4)	Wednesday 22 August	16:00-17:00	Jack Erskine 248
(5)	Tuesday 4 September	15:00-16:00	Jack Erskine 001
(6)	Wednesday 5 September	16:00-17:00	Jack Erskine 248

These sessions are optional. You may want to use these sessions to ask particular questions or you can make use of these time slots to complete some tasks of this assignment. You are recommended to bring your own device to these sessions. There will be a certain number of computers available in the lab as well.

There will be **no** dedicated lecturing time and tutorials on the specific tasks of this assignment during the semester.

Certification

In addition to your marks achieved from successful completion of the assignment, you will receive a certificate of proficiency jointly issued by MYOB and the college of business and law of University of Canterbury.
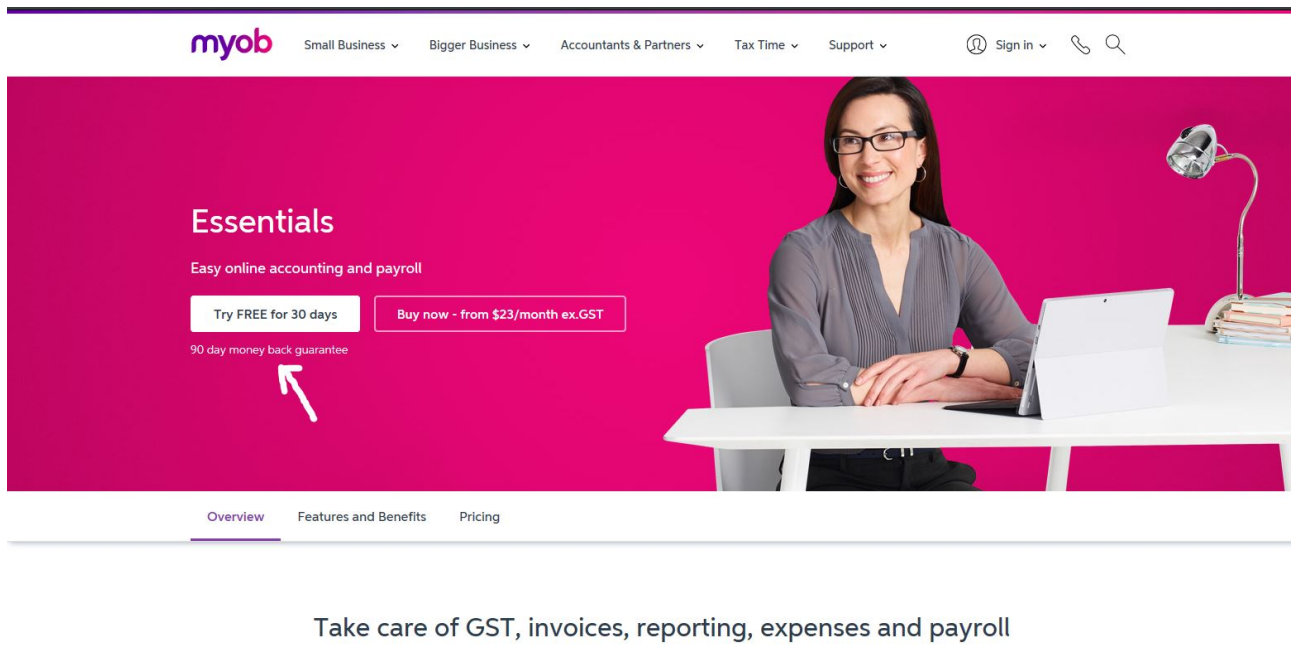
All the best for your MYOB Project!

Section 1: Creating a business profile

It is assumed that you own and run a sole-trader's business in Christchurch. You are to use MYOB Essentials to create your business profile.

Step 1: Create your account

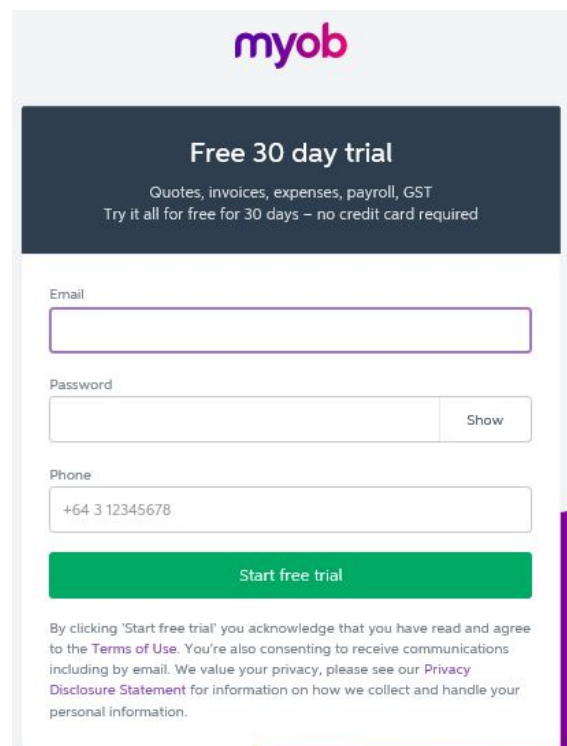Go to www.myob.co.nz/essentials and select 'Try FREE for 30 days' to get access to your free trial.

Take care of GST, invoices, reporting, expenses and payroll

You must use your allocated uclive.ac.nz email to create your MYOB log in account (you need to create your own password). Then you will be guided to the webpage which allows you to access your own account for 60 days.

MYOB Essentials is a cloud-based system. You can logout and login to continue working on the project at any time.

Make sure you allow screen pop-ups.

Step 2: Update your personal information

Enter your personal contact information by following the instructions. Remember you are the owner of the business.

Important:

Invite Julia Wu, the course coordinator of ACCT103 as an 'advisor'. Julia's email address is: julia.wu@canterbury.ac.nz. This is to notify Julia that you have registered the project and she will assist you extending your trial account to 60 days.

When you have finished, return to the 'dashboard' – top left of the screen, next to the MYOB logo.

Step 3 Create a business profile

Open the page to update your business information.

Important:

Create the business profile by using **your own name** (preferably your Surname) and the following information.   *For instance*, if your name is Jeff Noddy, your business will be named '*Noddy's Home Theatre Services*'.   You can exercise your judgement to use your first name, surname or your full name to avoid duplication of business names in the class.   See other details below.

Business name	*Noddy's* **Home Theatre Services** **(Remember to create your own business name)**
Phone number	(03) 955 5555
Business type	I sell products & Services
GST number	088-777-999
Address	105 Surround Street, Central City, Christchurch 8000
Financial Year	April
Opening balance	01/04/2018

When you have finished, click 'save' and return to the 'Dashboard' – top left of the screen, next to the MYOB logo.

Step 4 Update GST setting

Open the page to update GST information.

Check point!

When you have finished, click 'save'.   The MYOB will confirm that the GST information you have just entered are saved. Then go back to the 'Dashboard'. You have now completed setting up the business profile.   We can ignore the function of setting the opening balance and invoice and quote setting.

What if I made a mistake?

You can always edit business information and GST settings.

If you need to do so, click on the business account (top right of the screen – showing the name of your business) to open up the list. Click on the link to the area that you wish to make changes.
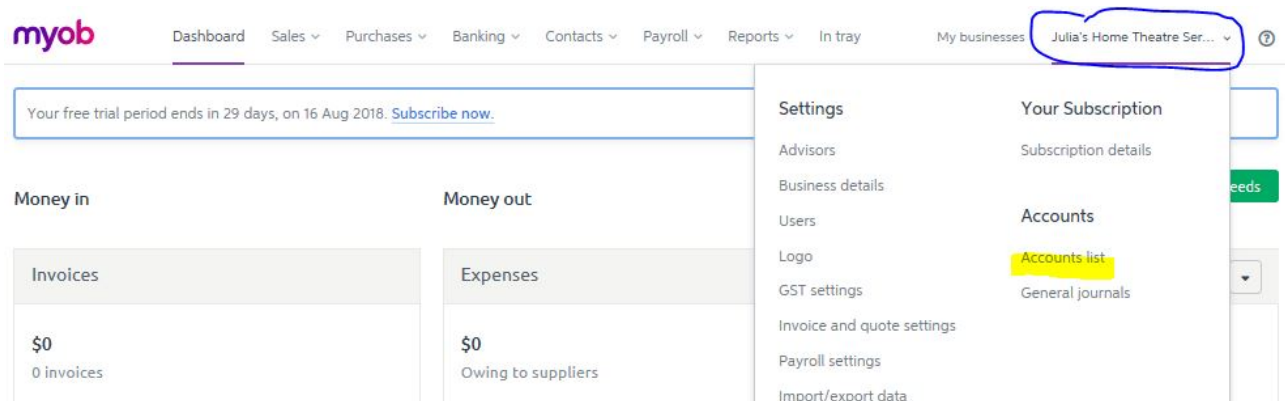
Section 2: Chart of Accounts and Opening Balances

MYOB Essentials have set up a standardised chart of accounts for the convenience of users. In this section, you will learn how to view and edit the chart of accounts and enter the opening balance for your business.

Step 1: View the chart of accounts

You can always view and edit the chart of accounts for your business.   Click on the business account (top right of the screen – showing the name of your business) to open up the drop-down list. Click on the link 'Account list' to open up the chart of accounts.

Now, take a quick look at this default chart of accounts.   Pay attention to the Account numbers, Account names and Account types. Although it is not regulated by any black letter accounting standard, a chart of accounts is usually set up by following the convention: Assets start with '1'; liability accounts start with '2' and so on.   Since your business is registered for GST. The function of recording the input and output GST has been built in MYOB Essentials. Now have a quick look at 'Tax rate' column. 'S15' stands for the standard GST rate 15%. Some accounts are not subject to GST, therefore as an 'E' code or 'NTR' code.

Step 2: Customise the chart of accounts

Use the highlighted functions, as indicated below, to customise the chart of accounts by editing, adding and deleting certain accounts.

1) Delete the following accounts

Account number	Account name
4-1200	Fee Income
4-1600	Licensing Income
4-2400	Sales 1
4-2600	Sales 2
5-2800	Purchases 1
5-3000	Purchases 2
5-3400	Raw Material
1-2400	Plant & equipment
2-1200	Master Card
2-1400	Visa

2) Modify (editing) the following existing accounts

Number	Old account name	New account name
1-1000	~~Cheque account~~	**FirstBank Cheque Account**
1-1400	~~Savings account~~	**FirstBank Savings Account**
2-4000	~~Bank loan~~	**FirstBank Business Loan**
2-1000	~~AMEX~~	**FirstBank Visa Credit Card**

Account Name	Old number	New number
Motor Vehicle	~~1-2000~~	**1-1900**
Office equipment & computers	~~1-2200~~	**1-1700**

3) Create the following new accounts (add accounts)

Number	Name	Type / Income	Tax rate
4-1000	Sales – Home Theatre Systems	**Income**	S15
4-2000	Sales – Installation	**Income**	S15
5-1000	Purchases	**Cost of Sales**	S15
6-2600	Store Supplies	**Expense**	S15
1-7000	Inventory – Home Theatre Systems	**Current Assets**	S15
1-1810	Acc. Depr – Furniture & Fittings	**Fixed Assets**	E
1-1910	Acc. Depr – Motor Vehicle	**Fixed Assets**	E

When you finish adding accounts, <u>do not forget to save</u>!

Step 3: Enter the opening balances for your business

Once you have completed Step 2, you are ready to enter the opening balance for your business as at 1 April 2018.   Make sure you only do this, after you have completed Step 2 Customise the chart of accounts.

Repeat Step 1 View the chart of accounts. Use the 'Edit Accounts' function to enter the opening balances according to the trial balance provided on the next page.

Before you start, double check if your date of the opening balances is set as 01/04/2018.

Enter the following opening balances:

Account name	Debit ($)	Credit ($)
Assets		
FirstBank Cheque Account	15,000	
FirstBank Savings Account	7,500	
Accounts receivable	2,400	
Inventory - Home Theatre Systems	27,000	
Motor Vehicle	15,000	
Acc. Depr - Motor Vehicle	(3,000)*	
Furniture & fittings	22,500	
Acc. Depr - Furniture & fittings	(9,000)*	
Liabilities		
Accounts payable		23,700
GST collected		2,250
GST paid		(750)*
FirstBank Business Loan		15,000
Equity		
Owner Contribution		22,500
Retained earnings		14,700
Total	**77,400**	**77,400**

* Note: enter these amounts as negative. See the example on the next page.

Edit accounts

Account number	Account name	Type		Tax rate		Opening balance	Current balance	Active
Fixed Assets								
1-1700	Office equipment & computer:	Fixed Assets	⌄	S15	⌄			☑
1-1800	Furniture & fittings	Fixed Assets	⌄	S15	⌄	22500		☑
1-1810	Acc. Depr - Furniture & Fitting:	Fixed Assets	⌄	S15	⌄	-9000		☑
1-1900	Motor vehicles	Fixed Assets	⌄	S15	⌄	15000		☑
1-1910	Acc. Depr - Motor Vehicle	Fixed Assets	⌄	S15	⌄	-3000		☑

Opening Balances 01/04/2018 ✏ Cancel Save

Leave the other accounts empty. When you finish, do not forget to save.

Check point!

MYOB Essentials enable users to produce financial statements at any time. Once you have completed Section 2 and **saved** all the changes you have made, it is time to make sure that everything has been recorded appropriately so far. There are many ways of checking your work. One of the quickest way is to produce a balance sheet as at 01/04/2018.

Click on the 'Reports' function to open the drop-down list.   Select "Balance Sheet".

You may also notice that the Dashboard shows that you have $22,500 available in the bank. This is the total amount of the FirstBank Cheque Account and FirstBank Savings Account.

Open up the Balance Sheet reporting page and set the balance date as 01/04/2018.

You may want to view it in the webpage or export the balance sheet into an Excel or PDF file. The following example is the balance sheet exported into an Excel spreadsheet:

Balance Sheet		
Julia's Home Theatre Services		
Accrual mode		
01 Apr 2018		
Generated 21 Jul 2018		
		Total
Asset		
Banking		
1-1000	FirstBank Cheque account	15,000.00
1-1400	FirstBank Savings account	7,500.00
Total Banking		22,500.00
Current Assets		
1-1600	Accounts receivable	2,400.00
1-7000	Inventory – Home Theatre Systems	27,000.00
Total Current Assets		29,400.00
Fixed Asset		
1-1800	Furniture & fittings	22,500.00
1-1810	Acc. Depr - Furniture & Fittings	-9,000.00
1-1900	Motor vehicles	15,000.00
1-1910	Acc. Depr - Motor Vehicle	-3,000.00
Total Fixed Assets		25,500.00
Total Asset		77,400.00
Liability		
Current Liabilities		
2-1600	Accounts payable	23,700.00
2-2000	GST collected	2,250.00
2-2200	GST paid	-750.00
Total Curre		25,200.00
Long Term Liabilities		
2-4000	FirstBank Business Loan	15,000.00
Total Long Term Liabilities		15,000.00
Total Liabili		40,200.00
Net Assets		37,200.00
Equity		
Retained Earnings		
3-1600	Retained earnings	14,700.00
Total Retained Earnings		14,700.00
3-1000	Owner contribution	22,500.00
Total Equity		37,200.00

What if I made a mistake?

If you have completed Section 1 and Section 2 according to the instructions, your balance sheet should be well balanced and show all the information. If a wrong amount is entered for any of opening balance, an account '3-9999 Historical balancing' in the equity section will be report an amount to signal this mistake and force balance the financial statement.

You can always repeat Step 3 to correct the mistaken amount(s).

Equity		
3-1000	Owner contribution	15,000.00
3-1600	Retained earnings	9,000.00
3-9999	Historical balancing	800.00
Total Equity		24,800.00

Section 3: Regular contacts

Like the frequent contacts in your mobile phone, regular customers and suppliers can be saved in MYOB Essentials for the convenience of frequent use.

From the Dashboard of MYOB Essentials, you can access the 'Contacts' function to enter and save regular customers and suppliers.

Create your customer and supplier contacts using the basic information in the next page. After entering the details of a contact, click 'save and add another' and then add the next contact.

When you finish, do not forget to save.

Customers

Field	Details
Contact type	Business
Business Name	Echo Home Appliances
Contact is	Customer
First Name	Gillian
Last Name	Deans

Field	Details
Contact type	Business
Business Name	Duncan Home Store
Contact is	Customer
First Name	Joe
Last Name	Duncan

Field	Details
Contact type	Business
Business Name	Ocean Music Studios
Contact is	Customer
First Name	Michaela
Last Name	Phillips

Suppliers
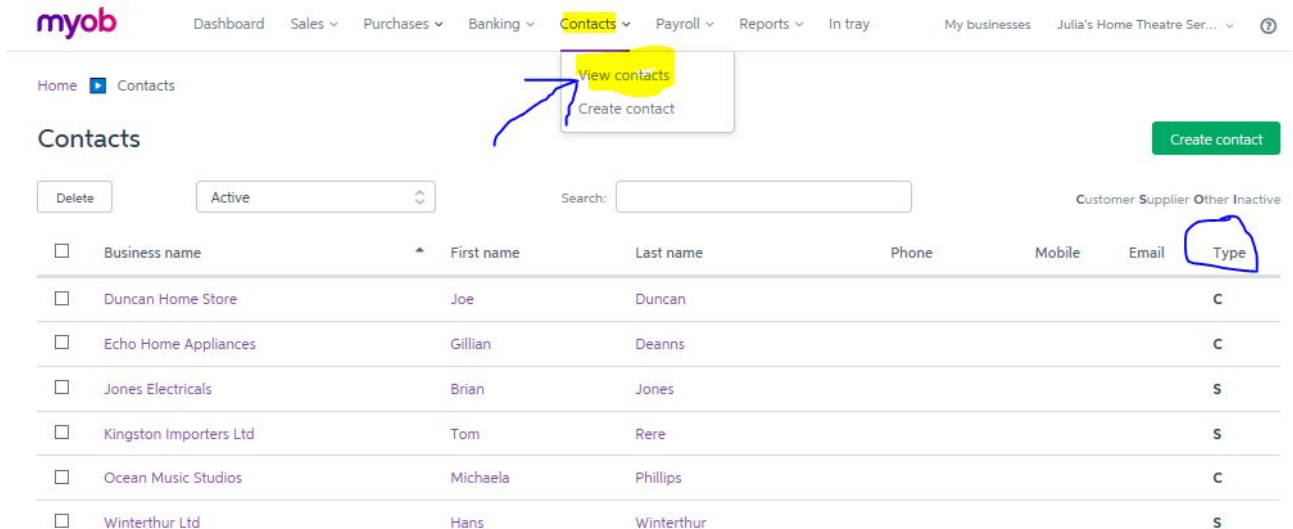
Field	Details
Contact type	Business
Business Name	Kingston Importers Ltd
Contact is	Supplier
First Name	Tom
Last Name	Rere

Field	Details
Contact type	Business
Business Name	Winterthur Ltd
Contact is	Supplier
First Name	Hans
Last Name	Winterthur

Field	Details
Contact type	Business
Business Name	Jones Electricals
Contact is	Supplier
First Name	Brian
Last Name	Jones

Check Point!

Use the 'View contacts' function to double check all the details. Pay attention to the type of the contacts.

What if I made a mistake?

You can edit any Contact by clicking on the business name.

Section 4: Recording Sales

Using an accounting software package to record transactions and events is different from manual bookkeeping we learned in class. Transactions are usually recorded by entering the information on source documents, for example invoices, receipts or timesheets. Journal entries are then created in the system automatically in the background by linking the input data to the ledger accounts.

Your knowledge of bookkeeping and accounting practice will enable you to set up the system appropriately and enhance the accuracy and speed of recording. In this section, you will explore the sales function of MYOB by processing a number of sales transactions.

You can find the tab of the 'Sales' function right next to the Dashboard (see below):
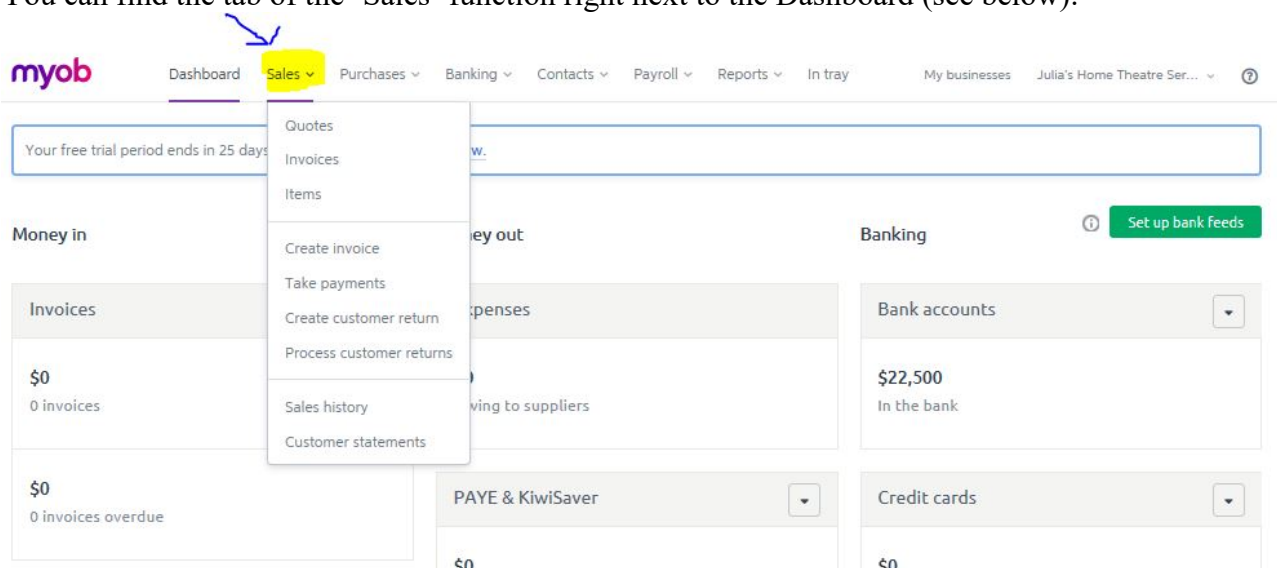
Step 1: Set up items for sale

Your business buys and sells professional kitchen equipment and provides related installation and maintenance services. The first step is to set up the inventory and service items for sale.

Click on 'Sales' to open up the drop-down list. Select 'Items' and then 'Create Item'
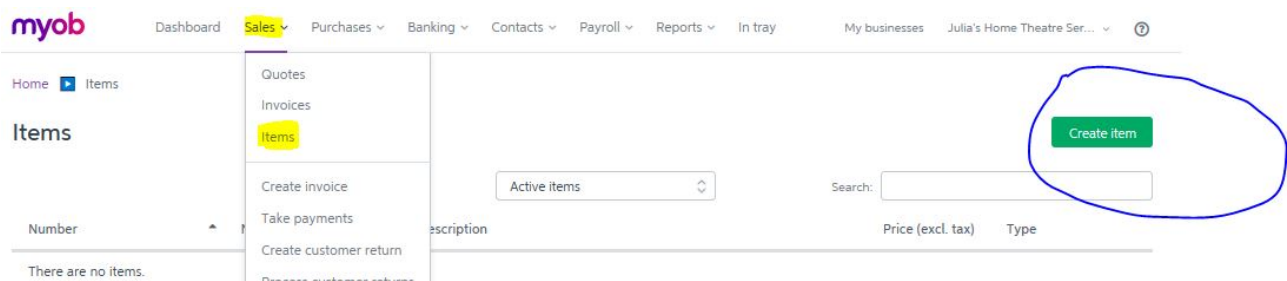
Use the information on the next page to set up three (3) items. When you finish, do not forget to save. Items for sale can always be added, updated and held as 'inactive' to suit your business operation.

1) **Inventory – Home Theatre Systems.**

Item number	HTS001
Item name	Home Theatre System
Description	Winterthur Ultra02
Selling price	$14,250 (GST exclusive)
Allocated to:	4-1000 Sales – Home Theatre Systems
Tax type	Standard 15% GST
Unit of measure	Qty (This is a stock item)
Unit description	Set
Buying Price	$9,000 (GST exclusive)
Allocated to	1-7000 Inventory – Home Theatre Systems
Tax type	Standard 15% GST

Important:

This is the only inventory item you purchase and sell. You can only purchase this item from Winterthur Ltd for $9,000 per set. At the beginning of the period. You have three (3) set of equipment for sale. See opening balance of inventory in Section 2.

Use the information on the next page to set up other items for sale.

2) Installation Services

Item number	INS001
Item name	Installation
Description	Standard installation including programming, electrical services and testing.
Selling price	$678.26 (GST exclusive)
Allocated to:	4-2000 Sales - Installation
Tax type	Standard 15% GST
Unit of measure	Hr (This is a service item)
Unit description	Standard $780 installation

Leave the buying details blank for this item.

3) Maintenance and repairs

Item number	MR001
Item name	Maintenance and Repair
Description	Scheduled maintenance and on-call repairs
Selling price	0.00 (GST exclusive)
Allocated to:	4-2800 Service and repair income
Tax type	Standard 15% GST
Unit of measure	Hr (This is a service item)
Unit description	Pay by invoice

There is no standard rate for this item. Leave the buying details blank for this item.

## Check Point!

Use the sales function, select 'items' to view all the items you have entered. You can always edit these items by clicking on the item number or item name.

Step 2: Enter historical sales

Your business has an opening balance of accounts receivable in the amount of $2,400 (see Section 2). Enter the following historical invoices by using the 'Create invoice' function.
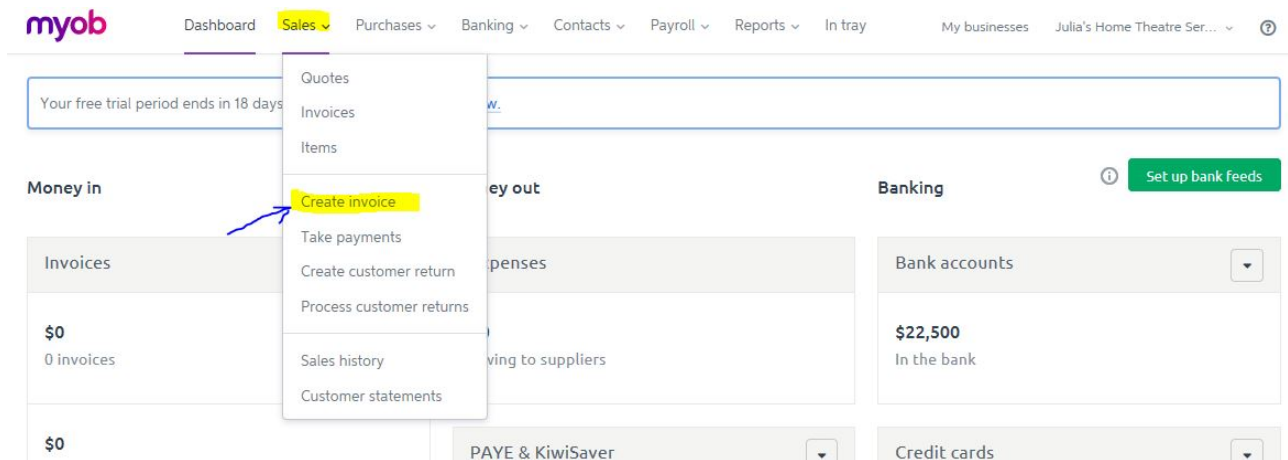
Historical invoices:

Customer	Invoice #	Invoice Date	Item	Unit	Balance (GST inclusive)
Echo Home Appliances	INV0001	15/03/2018	INS001	1 Hr	$780 (invoice total)
Duncan Home Store	INV0002	26/03/2018	RM001	1 Hr	$390 (enter this amount)
Ocean Music Studios	INV0003	28/03/2018	RM001	1 Hr	$1,230 (enter this amount)
Total accounts receivable balance as at 31/03/2018					**$2,400**

Important: It is assumed that you have standard term of trade: all invoices are **due 20 days from the end of the month.** See below – the example of INV0001. Click 'Save' when you finish.

As a user you can always view your invoices, print them out or email an invoice to the customer.

Check Point!

After you have entered and saved the three historical invoices, your system shows:

What if I made a mistake?

You can edit and/or delete an invoice by clicking on the invoice number.

Step 3: Record sales transactions

You are now ready to process the following transactions which took place in April 2018.   In addition to creating invoices, you will explore other sales functions of taking payments, creating and processing customer returns.

You may also have noticed that the Dashboard of your business now shows that you have three overdue invoices.   Record the following sales related transactions in April 2018:

Sales related transactions in April 2018

Date	Transaction	Your task
03 Apr 2018	Delivered a new set of Winterthur Ultra02 Home Theatre System to Duncan Home Store. Installation has **not** been scheduled.	Create a new invoice INV0004 for the amount of $16,387.50 (GST inclusive).
10 Apr 2018	Delivered **and** installed (standard installation) a new set of Winterthur Ultra02 Home Theatre System to Castle Show Homes. This new customer has not been entered into the system. This is a business owned and operated by Thomas Castle.	Create a new invoice INV0005 for the amount of $17,167.50 (GST inclusive). Add the new customer.
11 Apr 2018	Received a cheque (No.208478) of $900 from Ocean Music Studio. The cheque was accompanied by a note saying 'Partial Payment INV0003'. You banked the cheque into your business cheque account.	**Take a payment** of $900 from Ocean Music Studio. Bank it into "1-1000 FirstBank Cheque Account". Apply the amount $900 to INV0003. Take note as a partial payment. Use the Cheque number as the reference number.
15 Apr 2018	Installed the home theatre system delivered to Duncan Home Store on 3 April.	Create a new invoice INV0006 for the standard installation carried out: $780 (GST inclusive).
20 Apr 2018	Received and banked a cheque from Castle Show Homes (No.336203) in the amount of $17,167.50.	Take a payment of $17,167.50 from Castle Show Homes. Bank it into "1-1000 FirstBank Cheque Account". Apply the full amount to INV0005. Use the Cheque number as the reference number.
20 Apr 2018	Rang Ocean Music Studio to follow up the partially paid INV0003. It was agreed that Ocean Music Studio was overcharged for $330 of the on call repair services.	**Create a customer return** for Ocean Music Studio No. CN0001. GST inclusive amount: $330. Process the customer return against INV0003.

Example 1: taking payment on 11 April 2018

Example 2: Create customer return on 20 April 2018

myob   Dashboard   Sales ˅   Purchases ˅   Banking ˅   Contacts ˅   Payroll ˅   Reports ˅   In tray   My businesses   Julia's H

Home ▶ Invoices ▶ Create custo

Quotes
Invoices
Items

Create customer retu

Return from   Ocean Music Studios

Create invoice
Take payments
Create customer return
Process customer returns

Sales history
Customer statements

Return number: CN00000001

Date of issue: 20/04/2018

Amounts are: GST inclusive

Item	Description	Allocate to	Qty	Unit price	GST type	Total	
MR001	Scheduled Maintenance and on-	Service & repair inc...	1	$330.00	15% GST	$330.00	⊗
							⊗
							⊗
							⊗
							⊗

Notes (visible to customer):

INV003 - Rang on 20 April 2018 re partial payment. Credit note agreed.

Subtotal	$330.00
GST	$43.04
Total	$330.00
Amount paid	$0.00
Amount due	$330.00

Next → Process return   Email to customer   Print

Save & add   Save   Cancel

Example 2 continued: process return by applying the return (credit note) to an invoice.

Apply to an invoice

For: Ocean Music Studios

Date   29/07/2018

Reference number   CR000001

Notes   Credit From CN00000001

Total credit to apply   330

Invoice number	Date issued	Date due	Total amount	Amount due	Payment amount
INV003	28/03/2018	20/04/2018	$1,230.00	$330.00	$330.00

Save   Cancel

Check Point!

After processing all these transactions. Return to the Dashboard and you will see the updated information about bank balance and outstanding invoices.

The four (4) issued and overdue invoices are (click on 'Sales' and then 'Invoices' to view):

	Number	Purchase Order	Customer	Issued	Due	Total	Due	Status	Sent
☐	INV006		Duncan Home Store	15/04/2018	20/05/2018	780.00	780.00	Overdue	
☐	INV004		Duncan Home Store	03/04/2018	20/05/2018	16,387.50	16,387.50	Overdue	
☐	INV002		Duncan Home Store	26/03/2018	20/04/2018	390.00	390.00	Overdue	
☐	INV001		Echo Home Appliances	15/03/2018	20/04/2018	780.00	780.00	Overdue	
						18,337.50	18,337.50		

View the sales history for all customers and all dates:

Reference	Customer	Date	Type	Sale	Payment	Status
INV001	Echo H	15/03/2018	Invoice	780.00		Overdue
INV002	Duncan	26/03/2018	Invoice	390.00		Overdue
INV003	Ocean	28/03/2018	Invoice	1,230.00		Paid
INV004	Duncan Home Store	03/04/2018	Invoice	16,387.50		Overdue
INV005	Castle Show Home	10/04/2018	Invoice	17,167.50		Paid
208478	Ocean Music Studios	11/04/2018	Receipt		900.00	Paid
INV006	Duncan Home Store	15/04/2018	Invoice	780.00		Overdue
336203	Castle Show Home	20/04/2018	Receipt		17,167.50	Paid
CN00000001	Ocean Music Studios	20/04/2018	Return	-330.00		Paid
CR000001	Ocean Music Studios	29/07/2018	Credit		-330.00	Paid
				36,405.00	17,737.50	

Step 4: Create a quote

There is an exciting new opportunity for your business! Thomas Castle from Castle Show Homes rang you on 25 April 2018. Thomas's business is expanding. He has been planning to fit out six new luxurious homes. As a result, he requested you to prepare a quote for six (6) sets of Winterthur Ultra02 home theatre systems, six (6) standard installations.   Each of the home theatre systems will require two (2) scheduled maintenance services. Eventually these show homes will be auctioned as an entirety. You have agreed to offer the scheduled maintenances at a price of $250 each.

This offer (quote) will be valid for a year (365 days) from the date of issue.

Now use the "Create quote" function to generate a quote (QUO0001) for Castle Show Homes as a basis for further negotiation. Make sure you **save** it when you finish.

Check point – How much have you quoted for the delivery and services requested?

It doesn't matter if you are out by a few cents due to the rounding policy.

You can always open up the quote to edit or update the information.

Assessment!

Save a copy of this quote (PDF format) in a folder. You will be required to submit this quote as a part of the assessment when the assignment is due. Remember you can always access this Quote.

Section 5: Recording purchases

In this section, you will explore the purchases function of MYOB by processing a number of purchases transactions. You can find the tab of 'Purchases' function right next to the Sales (see below):
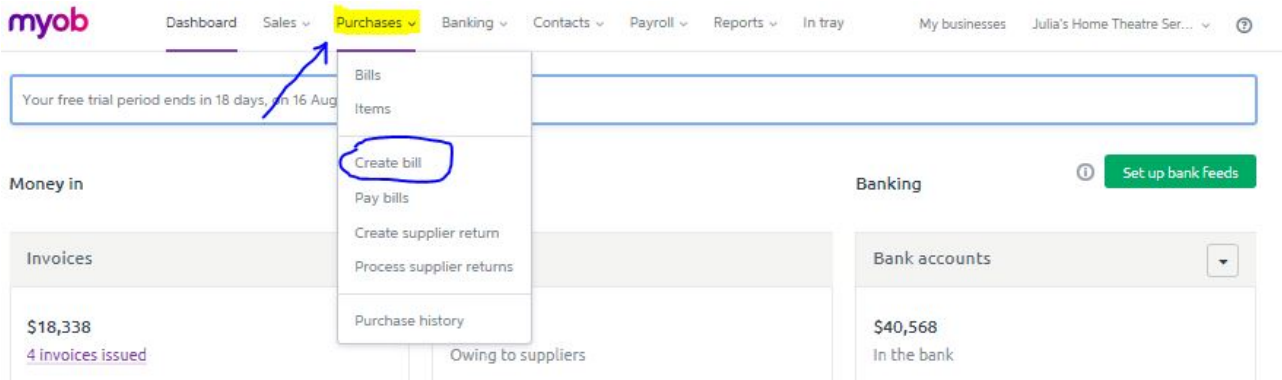
Step 1: Enter historical purchases

Your business has an opening balance of accounts receivable in the amount of $23,700 (see Section 2, opening balances). Enter the following historical invoices by using the 'Create bill' function.

Supplier	Invoice Number	Date of issue	Due Date	Item	Unit	Balance (GST inclusive)
Kingston Importers Ltd	1237	13/03/2018	14/04/2018	*(blank)*	1Qty	$3,000 (invoice total) Allocate to '5-1000 Purchases'. Description: Supplies
Winterthur Ltd	000258	19/03/2018	20/04/2018	HTS001	2Qty	$20,700 (Invoice total) Use the saved item
Total accounts payable balance as at 31/03/2018						**$23,700**

Check point!

Step 2: Record purchases transactions

You are now ready to process the following transactions which took place in April 2018.   In addition to creating bills, you will explore other purchases related functions.

Purchases related transactions in April 2018

Date	Transaction	Your task
02 Apr 2018	Charged $1,350 *plus GST* for supplies from Jones Electricals. Supplier's invoice number #00129. Due 1 May 2018.	Create a new bill. Allocate the amount to 5-1000 Purchases. General tools and electrical supplies. No 'item' specified.
06 Apr 2018	Charged $3,450 *including GST* for labour from M Tunncliffe & Sons. Invoice Number 0978. Due: 20 May 2018.	**Create a new account** 5-3000 Labour (Cost of Sales, Standard 15% GST, See section 2, step 2, page 11) **Create a new bill for a new supplier** (Contact: Maurice Tunncliffe).
10 Apr 2018	Received telephone bill from Vodacom (No. 159840006598) for $360 *including GST*. Due 20 May 2018	**Create a bill**. Add the supplier and allocate the amount to 6-5800 Telephone expense.
13 Apr 2018	Sent a cheque of $3,000 to Kingston Importers Ltd. Cheque Number: 100151	Pay a bill (**Pay bills**) – allocate the amount to the current outstanding bill. Payment is made from 1-1000 FirstBank Cheque Account. Use cheque number as the reference.
21 Apr 2018	Sent a cheque of $20,700 to Winterthur Ltd. Cheque Number: 100152	Pay a bill – allocate the amount to the current outstanding bill. Payment is made from 1-1000 FirstBank Cheque Account.
25 Apr 2018	Received goods and invoice from Kingston Importers Ltd for $2,325.00 *plus GST* for purchase of Supplies. Invoice Number 1695. Due: 25 May 2018.	Create a new bill. Allocate the amount to 5-1000 Purchases. The goods are spare parts and electrical supplies.
26 Apr 2018	Returned $450 *plus GST* spare parts with incorrect specification to Kingston Importers Ltd. The returned goods will be credited against Invoice1695.	**Create and process the return** to supplier. Allocate the amount to 5-1000 Purchases. Process the return by applying the full amount to a bill – Invoice No.1695. Be careful about the date, which should be 26/04/2018.
30 Apr 2018	Sent a cheque of $1,552.50 to Jones Electricals. Cheque Number: 100153	Pay bills – allocate the amount to the current outstanding bill. Payment is made from 1-1000 FirstBank Cheque Account. Use cheque number as the reference.

Check Point!

After processing all these transactions, the total amount owing to the suppliers include the following:

Bills

Create bill | Create return

Bill No.	Invoice No.	Supplier	Issued	Due	Total	Due	Status
EX00000000006	1695	Kingston Importers Ltd	25/04/2018	25/05/2018	2,673.75	2,156.25	Overdue
EX00000000005	1598...6598	Vodacom	10/04/2018	20/05/2018	360.00	360.00	Overdue
EX00000000004	0978	M Tunncliffe & Sons	06/04/2018	20/05/2018	3,450.00	3,450.00	Overdue
					6,483.75	5,966.25	

View the purchases history for all customers and all dates:

Purchase history

Reference	Supplier	Date	Type	Bill	Payment	Status
EX00000000001	Kingston Impor	3/03/2018	Bill	3,000.00		Paid
EX00000000002	Winterthur Ltd	9/03/2018	Bill	20,700.00		Paid
EX00000000003	Jones Electricals	02/04/2018	Bill	1,552.50		Paid
EX00000000004	M Tunncliffe & Sons	06/04/2018	Bill	3,450.00		Overdue
EX00000000005	Vodacom	10/04/2018	Bill	360.00		Overdue
100151	Kingston Importers Ltd	13/04/2018	Payment		3,000.00	Paid
100152	Winterthur Ltd	21/04/2018	Payment		20,700.00	Paid
EX00000000006	Kingston Importers Ltd	25/04/2018	Bill	2,673.75		Overdue
SN00000001	Kingston Importers Ltd	26/04/2018	Return	-517.50		Paid
SR000001	Kingston Importers Ltd	26/04/2018	Debit		-517.50	Paid
100153	Jones Electricals	30/04/2018	Payment		1,552.50	Paid
				31,218.75	24,735.00	

Recapitulation – where are the journal entries?

You may have realised that using an accounting software package to record transactions and events is indeed different from manual bookkeeping we learned in class. If the system has been set up appropriately and the transactions have been entered accurately, journal entries will have been created in the system automatically in the background.

Now you will examine the journal entries of all sales and purchases you have entered in Section 4 and Section 5 by using the Report function of MYOB Essentials.

Return to the Dashboard, click on the 'Reports' Tab. Open up the drop-down list and select 'All reports'.

Choose to view 'Journals' – This displays a list of all your transactions as journal entries.

Set the dates of the report as **02/04/2018** to 30/04/2018. **This is important** otherwise the system will also display the journal entries of setting the opening balance for 01/04/2018.

Then click 'Generate report'. The journal entries report will be opened in a new web page.

Check Point!

See the journal entries next page. Do a quick double check, are your journal entries all correct? You can ignore a couple of cents difference due to rounding policy. But the dates, accounts, and transaction details should be all correct before you progress to Section 6.

Date	Ref. No.	Account Number	Account Name	Debit	Credit
26/04/2018	8N00000001	5-1000	Purchases		$450.00
	8N00000001	2-1600	Accounts payable	$517.50	
26/04/2018	Debit From 8N00000001				
	SR000001	2-1600	Accounts payable		$517.50
	SR000001	2-1600	Accounts payable	$517.50	
30/04/2018	100153	1-1000	FirstBank Cheque account	$1,552.50	
	100153	2-1600	Accounts payable		$1,552.50
			Grand Total:	**$87,056.25**	**$87,056.25**

JOURNAL REPORT

Date	Ref. No.	Account Number	Account Name	Debit	Credit
02/04/2018	EX0000000003	2-1600	Accounts payable	$202.50	
	EX0000000003	2-2200	GST paid	$1,350.00	
	EX0000000003	5-1000	Purchases		$1,552.50
03/04/2018	INV004	4-1000	Sales - Home Theatre Systems		$14,250.00
	INV004	2-2000	GST collected		$2,137.50
	INV004	1-1600	Accounts receivable	$16,387.50	
06/04/2018	EX0000000004	2-1600	Accounts payable	$450.00	
	EX0000000004	2-2200	GST paid	$3,000.00	
	EX0000000004	5-3000	Labour		$3,450.00
10/04/2018	INV005	4-1000	Sales - Home Theatre Systems		$14,250.00
	INV005	4-2000	Sales - Installation		$678.26
	INV005	2-2000	GST collected		$2,239.24
	INV005	1-1600	Accounts receivable	$17,167.50	
10/04/2018	EX0000000005	2-1600	Accounts payable	$46.96	
	EX0000000005	2-2200	GST paid	$313.04	
	EX0000000005	6-5800	Telephone		$360.00
11/04/2018	Partial Payment INV003				
	208478	1-1600	Accounts receivable	$900.00	
	208478	1-1000	FirstBank Cheque account		$900.00
13/04/2018	100151	1-1000	FirstBank Cheque account	$3,000.00	
	100151	2-1600	Accounts payable		$3,000.00
15/04/2018	INV006	4-2000	Sales - Installation		$678.26
	INV006	2-2000	GST collected		$101.74
	INV006	1-1600	Accounts receivable	$780.00	
20/04/2018	336203	1-1600	Accounts receivable	$17,167.50	
	336203	1-1000	FirstBank Cheque account		$17,167.50
20/04/2018	INV003 - Rang on 20 April 2018 re partial payment. Credit note agreed.				
	CN0000000001	1-1600	Accounts receivable		$330.00
	CN0000000001	2-2000	GST collected	$43.04	
	CN0000000001	4-2300	Service & repair income	$286.96	
21/04/2018	100152	1-1000	FirstBank Cheque account	$20,700.00	
	100152	2-1600	Accounts payable		$20,700.00
25/04/2018	EX0000000006	2-1600	Accounts payable	$348.75	
	EX0000000006	2-2200	GST paid	$2,325.00	
	EX0000000006	5-1000	Purchases		$2,673.75
26/04/2018	Incorrect specification				
	8N0000000001	2-2200	GST paid		$67.50

Section 6: Banking

The Dashboard currently shows that you have $15,315 in your bank accounts, consisting of $7,815 in the cheque account and $7,500 in the savings account.

These bank account balances are generated based on the information you have entered and processed in the system. Let's first have a look at what you have recorded in the two ledger accounts in the MYOB Essentials. You can always view the details of a ledger account from the Reports function. Once you have entered the transactions – the accounting software will general journal entries and post entries into ledger accounts automatically. This is the same process as you have learned in Week 2. Click on the 'Reports' Tab from the Dashboard. Open up the drop-down list and select 'All reports'. Choose to view "General ledger details".

Set the date as 01/04/2018 – 30/04/2018 and select the following two ledger accounts:
- ☑ 1-1000 FirstBank Cheque Account; and
- ☑ 1-1400 First Bank Savings Account

Click 'Update'. Then screen will display all ledger account details.

General ledger details

From: 01/04/2018   To: 30/04/2018   Update   ▸ Report options   ▸ Select accounts   XLS   PDF
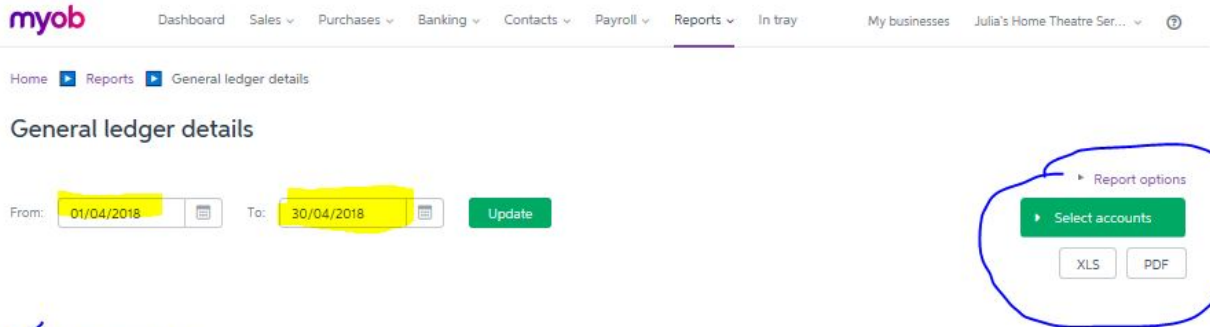
1-1000 FirstBank Cheque account

Date	Ref No	Type	Description	Debit ($)	Credit ($)	Balance ($)	GST Amt ($)	Qty	Avg Net ($)
01/04/2018	OPEN-1-1000	Op Bal		15,000.00		15,000.00			
11/04/2018	208478	Cust Pmt	Ocean Music Studios	900.00		15,900.00			
13/04/2018	100151	Supp Pmt	Kingston Importers Ltd		3,000.00	12,900.00			
20/04/2018	336203	Cust Pmt	Castle Show Homes	17,167.50		30,067.50			
21/04/2018	100152	Supp Pmt	Winterthur Ltd		20,700.00	9,367.50			
30/04/2018	100153	Supp Pmt	Jones Electricals		1,552.50	7,815.00			
Totals				33,067.50	25,252.50	7,815.00	0.00		

1-1400 FirstBank Savings account

Date	Ref No	Type	Description	Debit ($)	Credit ($)	Balance ($)	GST Amt ($)	Qty	Avg Net ($)
01/04/2018	OPEN-1-1400	Op Bal		7,500.00		7,500.00			
Totals				7,500.00	0.00	7,500.00	0.00		

Remember these bank account balances are generated based on the information you have entered and processed in the system. At this moment it may <u>not</u> reflected your actual bank balances. Assuming that on 30 April 2018 you have downloaded your April 2018 statements from the <u>FirstBank.</u> These following statements are the records from the bank:

FIRSTBANK Cheque Account 0079073-00 (Business Cheque)
From date 01/04/2018
To date 30/04/2018
Avail Bal: $88.50 as of 30/04/2018
Ledger Balance: $88.50 as of 30/04/2018

Date	Tran Type	Cheque #	Payee	Memo	Dr/Cheque	Cr/Deposit	Balance
1/04/2018	Opening Bal					$15,000.00	$15,000.00
5/04/2018	EFTPOS		EFTPOS Card Payment ****8992	EFTPOS Willis Street	$5,250.00		$9,750.00
8/04/2018	EFTPOS		The Warehouse Stationary	EFTPOS Card ****8992	$898.50		$8,851.50
11/04/2018	CHQ DEPOSIT	#208478	Ocean Music Studios	DEPOSIT - CITY BRANCH		$900.00	$9,751.50
12/04/2018	EFTPOS		LYNDY'S Restaurant	EFTPOS Card ****8992	$562.50		$9,189.00
13/04/2018	CHEQUE	100151	Kingston Importers Lted	CHEQUE PAYAMENT	$3,000.00		$6,189.00
15/04/2018	BILLPAY		INLAND REVNUE DEPARTMENT	GST March 2018	$1,500.00		$4,689.00
20/04/2018	D/C RECEIPT		D/C from Echo Home Appliances	INV0001 INSTALLATION		$780.00	$5,469.00
20/04/2018	CHQ DEPOSIT	#336203	Castle Show Homes	DEPOSIT - CITY BRANCH		$17,167.50	$22,636.50
21/04/2018	CHEQUE	100152	Winterthur Ltd	CHEQUE PAYAMENT	$20,700.00		$1,936.50
21/04/2018	TFR IN		SAVING	To cheque account		$4,500.00	$6,436.50
22/04/2018	AUTOPAY		BILLPAY Mercury	April Electricity	$277.50		$6,159.00
22/04/2018	BILLPAY		BILLPAY HireEquipment	Equipment Lease Apr- Sep 2018	$4,500.00		$1,659.00
30/04/2018	CHEQUE	100153	Jones Electricals	CHEQUE PAYAMENT	$1,552.50		$106.50
30/04/2018	BANK FEE		FirstBank	Monthly bank fee	$18.00		$88.50

Date	Tran Type	Cheque #	Payee	Memo	Dr/Cheque	Cr/Deposit	Balance
FIRSTBANK Savings Account 0079073-50 (Savings)							
From date 01/04/2018							
To date 30/04/2018							
Avail Bal: $13022 as of 20180430							
Ledger Balance: $13022 as of 20180430							
Date	Tran Type	Cheque #	Payee	Memo	Dr/Cheque	Cr/Deposit	Balance
1/04/2018	Opening Bal					$7,500.00	$7,500.00
21/04/2018	TFR OUT		To Business Cheque Accounting	To cheque account	$4,500.00		$3,000.00
26/04/2018	CHQ DEPOSIT	#581002	Personal Cheque	Owner's Contribution		$15,000.00	$18,000.00
30/04/2018	INTEREST		FirstBank	Monthly Interest (net of tax)		$33.00	$18,033.00

Can you notice the differences from the bank statements and the ledger details you have recorded?

Firstly, the bank statements show debit and credit balances in the opposite direction. This makes sense because the bank statements are records of the Bank - i.e. it is from the Bank's perspective. Your bank balances are your assets, but are the liabilities of the Bank.

Secondly, there are quite a few transactions which have not been recorded. Now highlight these transactions that you have not recorded in your bank statement.

In this section, you will explore the following basic 'Banking' functions of MYOB Essentials. Return to the Dashboard, locate the 'Banking' Tab.
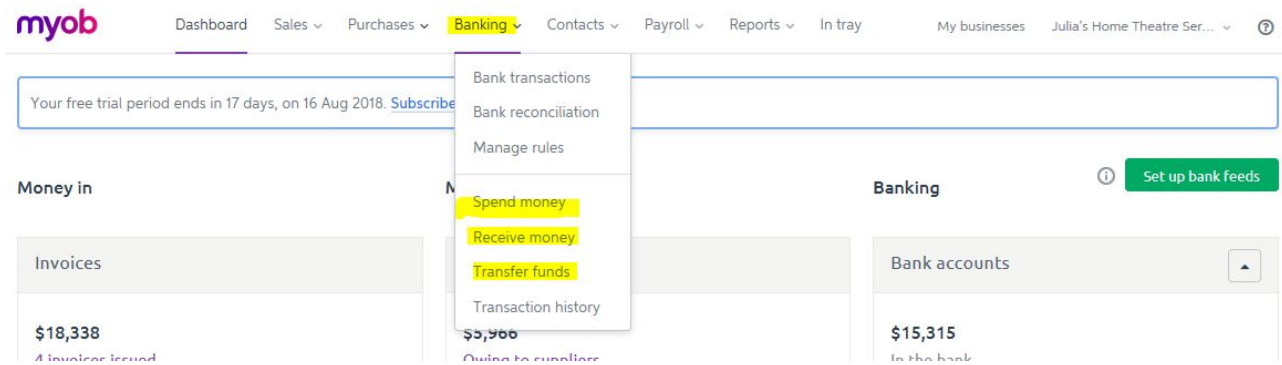
Step 1: Spend Money

You may have noticed that there are several payments made from your business cheque account which have not been recorded.

Use the 'Spend Money' function to record the following transactions.

- All of the transactions are paid from 1-1000 FirstBank Cheque Account.
- Use the system generated reference number – i.e. do not change the reference number.
- Add supplier when needed, including yourself, the business owner.
- Repeat the payee's name in the 'Note' box (important).
- Save and add new.
- All these transactions are shown in the bank statements.

Date	To	Allocate to	Descriptions	GST inclusive	GST Type
5/04/2018	Business owner - (your name)	3-1200 Owner's drawings	Drawings	$5,250.00	**Exempt**
8/04/2018	The Warehouse Stationary	6-4000 Office supplies	Computer - business	$898.50	15%
12/04/2018	LYNDY'S Restaurant	3-1200 Owner's drawings	Meal – private birthday party	$562.50	**Exempt**
15/04/2018	Inland Revenue Department	2-2200 GST paid	GST March 2018	1,500	**Exempt**
22/04/2018	Mercury Energy	6-2200 Electricity & gas	April Electricity	$277.50	S15%
22/04/2018	Hire Equipment	6-3600 Lease of equipment	Equipment lease Apr-Sep 2018	$4,500	S15%
30/04/2018	FirstBank	6-1600 Bank charges	April 2018 Bank fee	$18.00	**Exempt**

The first transaction on 5 April can be entered as follows:

Step 2: Receive Money

Receiving a payment **other than** collecting a trade debt, should be recorded as 'Receive payment' from the 'Banking' function.   Now open up the 'Banking' tab. Use 'Receive money' to record the $15,000 you have deposited into the 1-4000 FirstBank Savings Account on 26 April 2018 as owner's contribution (see bank statement).

You can find this transaction in the Bank Statement.

Now add a new account 4-4000 Interest Income (Income, GST exempted) to record the $33.00 of interest received in the Savings account on 30 April 2018.

If you cannot remember how to **add a new account**, review Section 2.

Important:

Receiving a payment from customers for the amount owing should be **always** recorded as 'Take Payment' from the 'Sales' function. Now return to the Dashboard, open up the 'Sales' tab. Use 'Take payment' to record the $780 received on 20 April 2018 from Echo Home Appliances. The customer directly banked this amount into your FirstBank Cheque Account (see the bank statement). This is a review of what you have learnt in Section 3.

Step 3: Transfer funds

You can see from the bank statements that an amount of $4,500 was transferred from the savings account to the business cheque account on 21 April 2018. Use the 'Transfer Fund' function under 'Banking' to record this transaction.

Check Point!

After processing all these Banking transactions, your Dashboard should show the updated bank balances that are exactly the same as your bank statement.

Then you also need to double check General Ledger Details of the two bank accounts in MYOB are well matched against your bank statements.

Go to Reports function, choose "all reports" and select 'General Ledger Details'. Make sure you set the correct date. Select to view particular bank account(s) only rather than viewing the entire general ledger.

Make sure the dates, descriptions and other details are correct – i.e. bank transactions are exactly the same as the ones showing in the bank statement. This is very important.

What if I made a mistake?

You can always edit these transactions by double-click on the particular transaction you want to edit. The transaction page will open up for you to update the information. Make sure you save your work.

Assessment!

Once you have completed recording these transactions correctly:

Save a copy of the PDF file of Ledger Accounts of 1-1000 FirstBank Cheque Account **and** 1-4000 FirstBank Savings Account from **1 April 2018** to **30 April 2018** in a folder.

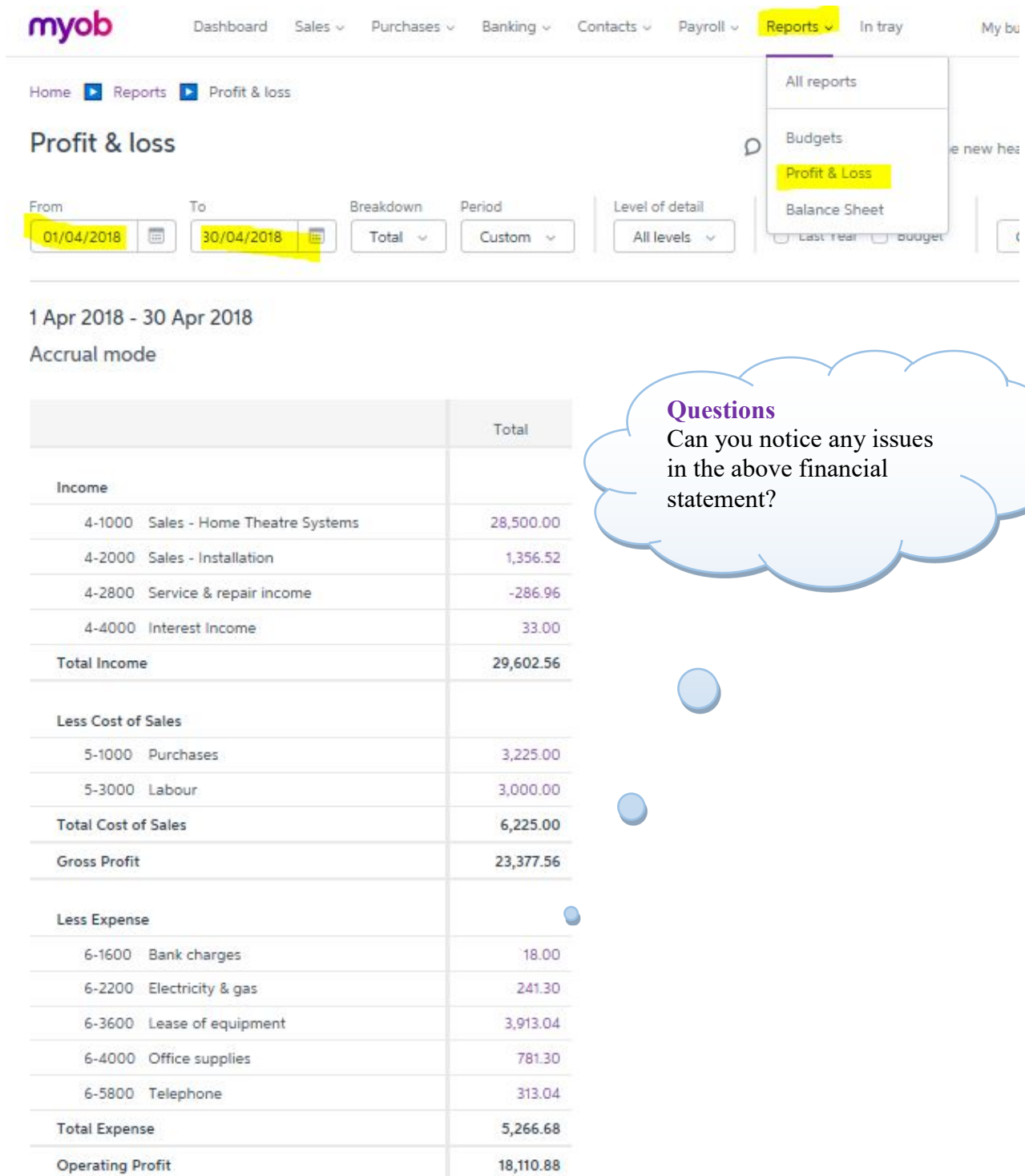You will be required to submit this file as a part of the assessment when the assignment is due. You will also use this file to prepare the Statement of Cash Flows specified in Section 10. Remember you can always access this General Ledger report.

Section 7: General journals

One of the fundamentals skills of an accountant is that he/she is able to journalise transactions rather than merely input data based on source documents. In this section, you will make crucial adjustments to ensure the financial information faithfully represents your business operation.

Step 1: Generate an income statement

Select 'Profit & Loss' from the 'Reports' function. Set the dates to be from 01/04/2018 to 30/04/2018.   The system will automatically generate the income statement for the above period.

	Total
Income	
4-1000 Sales - Home Theatre Systems	28,500.00
4-2000 Sales - Installation	1,356.52
4-2800 Service & repair income	-286.96
4-4000 Interest Income	33.00
Total Income	29,602.56
Less Cost of Sales	
5-1000 Purchases	3,225.00
5-3000 Labour	3,000.00
Total Cost of Sales	6,225.00
Gross Profit	23,377.56
Less Expense	
6-1600 Bank charges	18.00
6-2200 Electricity & gas	241.30
6-3600 Lease of equipment	3,913.04
6-4000 Office supplies	781.30
6-5800 Telephone	313.04
Total Expense	5,266.68
Operating Profit	18,110.88

Questions
Can you notice any issues in the above financial statement?

Step 2: identify the required adjustments

The income statement on the previous page revealed some concerns and you believe adjustments are required:

(1) At the beginning of the month, you have three (3) sets of Winterthur Ultra02 home theatre systems in stock for sale – see opening balance section. During April, you have sold two (2) sets (see revenue: $28,950 consisting of INV0004 and INV0005).   But this income statement has not shown any costs of goods sold – i.e. two sets of Oven being sold.

Adjustment required: Transfer two items of inventory ($9,000 each) into 'Cost of Goods Sold' (a new account)

(2) The expenditure $898.5, GST inclusive (SM000002, payment made to The Warehouse Stationary) was for an office computer rather than stationary. It is an item of fixed asset instead of an expense.

Adjustment required: Transfer the office supplies expense into fixed asset (office equipment and computers)

(3) The lease of equipment is for six (6) months from April to September 2018 (SM000005, payment made to Hire Equipment). As at 30 April 2018, only one month of lease should be expensed, and the rest of the five months should be recorded as a prepayment – an asset.

Adjustment required: Transfer 5/6 of the total lease of equipment into 'prepayment' (a new account)

Important:

Before you proceed with creating these adjustment entries. Go to the accounts list to add the two required new accounts (see Section 2)
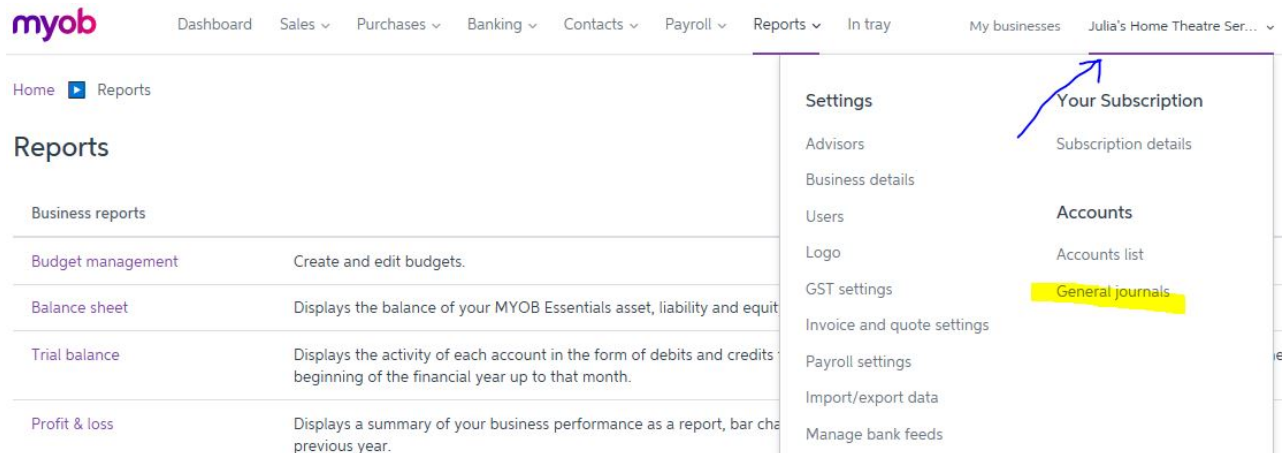
Number	Name	Type	Tax Rate
5-4000	Cost of Goods Sold – Home Theatre Systems	Cost of Sales	S15
1-3000	Prepayment	Current Assets	S15

Step 3: Create 'general journals' for the required adjustments

Return to the Dashboard of MYOB Essentials. The 'General journals' functions can be accessed by clicking on your business name – top right of the screen.

Click on 'Create Journal' to enter the following adjustment journal entries:

		Adjustment Entry	GST Exclusive	
Date	Reference	account name and number	Debit($)	Credit($)
30/04/2018	JE000001	5-4000 cost of goods sold – home theatre systems	18,000	
		1-7000 Inventory		18,000
		Note: transferring inventory into COGS		
30/04/2018	JE000002	1-1700 Office equipment and computers	781.30	
		6-4000 Office supplies		781.30
		Note: transferring the office supplies expenses into fixed asset.		

Note that all the adjustment entries do not affect GST, because the GST is calculated based on the actual transaction amount regardless what accounts you have allocate the expenditures. The actual GST collected or paid does not change if the transactions are reallocated into different accounts.

When you finish, save the entry.

The example of the first adjustment JE000001 is shown on the next page.

Journal entry

Date:
30/04/2018

Reference:
JE000001

Notes:
Transferring inventory into COGS

Amounts are   GST exclusive ▼

Add lines   Delete lines

Account	Description	Debit	Credit	GST	GST Amount
Cost of Goods Sold -H...	Home Theatre Systems Sold	$18,000.00		Exempt	$0.00
Inventory - Home The...	Transfer: COGS		$18,000.00	Exempt	$0.00

Debits (inc. GST)	18,000.00
Credits (inc. GST)	18,000.00
Out of balance by:	0.00

Save   Cancel

Check point!

View your journals:

myob   Dashboard   Sales ⌄   Purchases ⌄   Banking ⌄   Contacts ⌄   Payroll ⌄   Reports ⌄   In tray   My businesses   Julia's Home Theatre Ser... ⌄

Home ▶ General journals

General journals

Create Journal
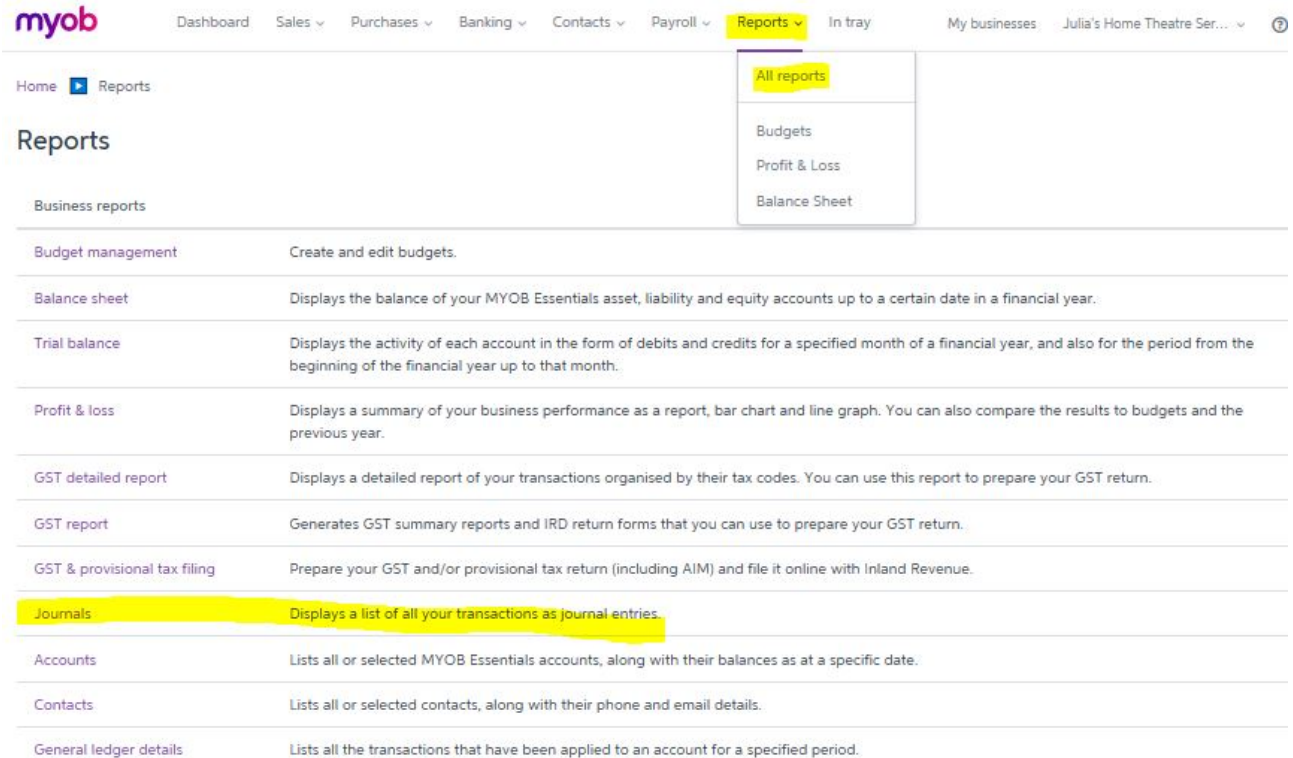
From: 30/04/2018   To: 30/04/2018   Search:

Date ⌄	References	Notes	Amount
30/04/2018	JE000001	Transferring inventory into COGS	$18,000.00
30/04/2018	JE000002	Transferring the office supplies expenses into fixed assets	$781.30

Assessment!

Create JE00003 on 30/04/2018 to adjust the lease of equipment -i.e. transfer an appropriate amount of lease of equipment into prepayment. When you finish, save your journal. This journal is a part of your assessment.

Once you have created and saved journal JE00003, generate a general journal report for submission.
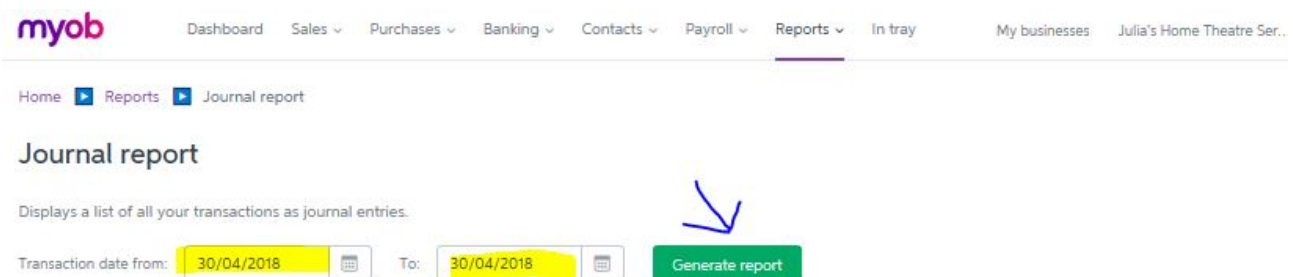
Go to the 'Reports' function, select 'all reports' and select 'journals'

Set the reporting date to be from **30/04/2018 to 30/04/2018** to display all journals created on this particular date.

The journal report will be displayed in a new page. There will be several journal entries displayed in this report. Most importantly, this report will show the three (3) adjusting entries you have completed in this section.

Save the PDF file of this journal report for submission.

Section 8: GST Reporting

So far you have completed recording all the transactions and adjustments for April 2018. In this this section, you will examine the important GST reporting function of MYOB essentials. If all the information matches among different GST reports, a user will be confident to proceed with filing GST returns with IRD and proceed with the related GST payment or GST refund.

Report 1: View GST related ledger accounts

Select 'All reports' from the drop down-list of 'Reports' function. Select general ledger details.

When the general ledger details page is open, make sure to set the correct report period as from 01/04/2018 to 30/04/2018. Select (tick ✓) to view only GST related accounts, note that accounts with no transactions during this period will not be displayed.

Select to view:
- ☑ 2-0000 GST collected
- ☑ 2-2000 GST paid
- ☑ 2-4000 GST input tax adjustment (no transaction recorded)
- ☑ 2-8000 GST output tax adjustment (no transaction recorded)

Check point!

General Ledger

Julia's Home Theatre Services
01/04/2018 - 30/04/2018

2-2000 GST collected

Date	Ref No	Type	Description	Debit	Credit	Balance	G!
01/04/2018	OPEN-2-2000	Op Bal			2,250.00	2,250.00	
03/04/2018	INV004	Invoice	Duncan Home Store		2,137.50	4,387.50	
10/04/2018	INV005	Invoice	Castle Show Homes		2,239.24	6,626.74	
15/04/2018	INV006	Invoice	Duncan Home Store		101.74	6,728.48	
20/04/2018	CN00000001	Cust Rtrn	Ocean Music Studios	43.04		6,685.44	
Totals				43.04	6,728.48	6,685.44	

2-2200 GST paid

Date	Ref No	Type	Description	Debit	Credit	Balance	G!
01/04/2018	OPEN-2-2200	Op Bal		750.00		-750.00	
02/04/2018	EX00000000003	Bill	Jones Electricals	202.50		-952.50	
06/04/2018	EX00000000004	Bill	M Tunncliffe & Sons	450.00		-1,402.50	
08/04/2018	SM000002	Spend Mny	The Warehouse Stationery	117.20		-1,519.70	
10/04/2018	EX00000000005	Bill	Vodacom	46.96		-1,566.66	
15/04/2018	SM000007	Spend Mny	Inland Revenue Department	1,500.00		-3,066.66	
22/04/2018	SM000004	Spend Mny	Mercury Energy	36.20		-3,102.86	
22/04/2018	SM000005	Spend Mny	Hire Equipment	586.96		-3,689.82	
25/04/2018	EX00000000006	Bill	Kingston Importers Ltd	348.75		-4,038.57	
26/04/2018	SN00000001	Supp Rtrn	Kingston Importers Ltd		67.50	-3,971.07	
Totals				4,038.57	67.50	-3,971.07	

You have learnt how GST accounts work in class. MYOB Essentials shows a realistic example how GST ledgers are generated automatically in an accounting system.

Can you calculate the GST amount due for April 2018? Is it a GST payment or GST refund situation?

The answer is: GST payable in the amount of $2,714.37 (the difference between GST collected and GST paid)

Report 2: Generate GST return

MYOB Essentials has a built-in function to generate a ready-to-use GST return, which can be directly filed with IRD. Select 'All reports' from the drop down-list of 'Reports' function.   Then select GST report.

When the GST report page is open, make sure:

1) to select 'GST Return (IRD Form)'
2) **untick 'cash basis'** – **this is important**, because your business has elected to calculate GST on accrual basis (See GST Setting in Section 1)
3) to set the correct report period as **'One month'** from 01/04/2018 to 30/04/2018.

Check point!

Check the information of your GST return for the month of April 2018. Does it show the correct amount of GST to pay? (See previous page). Ignore any minor rounding difference.

Assessment!

Generate, and save the GST return for submission.   More instructions can be found in Section 12.

Section 9: Financial Reporting

In this section, you will generate a profit and loss statement and a balance sheet to report on the financial performance of your business after a month's operation.

Use the Reports functions to generate Profit & Loss and Balance Sheet respectively.
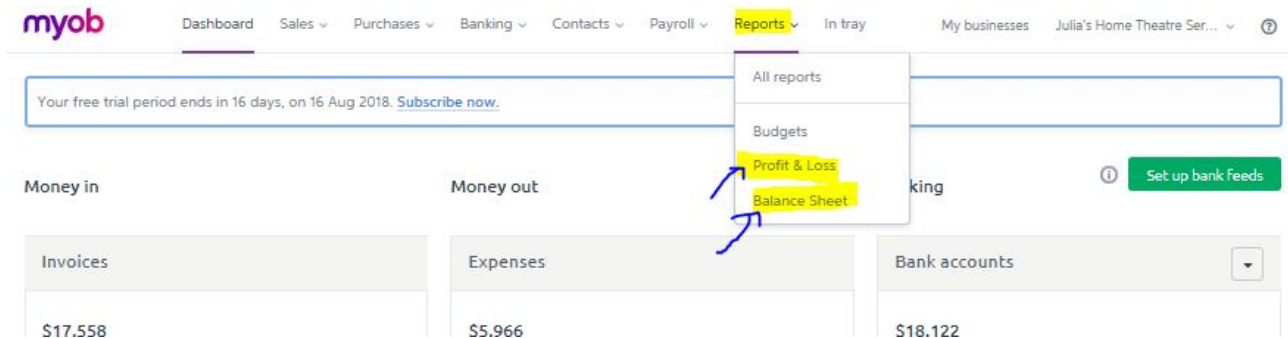
Report 1: Generate a statement of Profit & Loss

Assessment!

Create and save the statement Profit and Loss for submission.

When the profit and loss report page is open, make sure to set the correct report period as from 01/04/2018 to 30/04/2018.
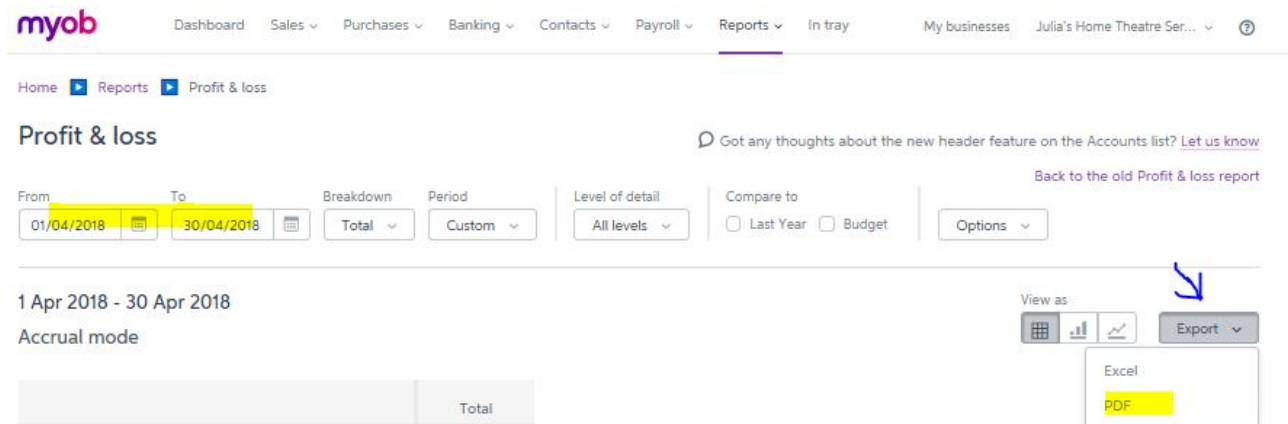
Export the financial statement in a PDF File. You are required to submit a copy of this document as a part of you MYOB project. More instructions can be found in Section 12.

Report 2: Generate a Balance Sheet

Assessment!

Create and save the balance sheet for submission. When the balance sheet report page is open, make sure to set the correct balance date as 30/04/2018. Export the financial statement in a PDF File. You are required to submit a copy of this document as a part of you MYOB project. More instructions can be found in Section 12.

Section 10: the Statement of Cash Flows

You have now completed all required tasks by using MYOB. These tasks mimic the bookkeeping and financial reporting process of a business for a month's operation.   MYOB Essentials

Important:

Now read the textbook pages 697-702 and be familiar with the layout of the statement of cash flows and classification of cash flows.   Ignore the direct and indirect methods from page 703 and onwards for this assignment purpose. You will learn these methods during the lectures in week 09 and week 10 of ACCT103.

Assessment!

Based on all the available the information in Section 6: Banking, you are required to prepare (i.e. assemble) a statement of cash flows for your business for the month ending 30 April 2018.

You statement of cash flows should have appropriate **titles**, **date, classifications** and **layout**. The classification and presentation of the statement should comply with GAAP.   The statement of cash flows should reflect the opening balances, transitions and closing balances of both accounts:
- ☑ 1-1000 FirstBank Cheque Account; and
- ☑ 1-4000 FirstBank Savings Account.

Your statement of cash flow should be prepared using Microsoft Excel or Word. Create and save the Statement of Cash Flows for submission. See section 12.

Section 11: Management report

Assessment!

Assume that you are the sole owner/operator of the business. You are required to write up a management report based on all the information available in this MYOB project.

In this management report, you are to reflect on and evaluate the business performance as of 30 April 2018. As a result of your evaluation, you are required to identify two (2) issues and/or concerns, operational or financial, that you may have for your business. For each issue/concern that you have identified, you are required to:

- Describe your concern or the business problem. The business problem is an issue or concern about the operational or financial circumstances of your business. It is not a critique on the quality of the accounting information or accounting software package per se.
- Present evidence (i.e. relevant information from this MYOB project) to support your description
- Propose a course of action(s) that you believe will be able to resolve the situation or rectify the business problem.

Your management report should be word processed with suitable format, structure and style for business use. The word limit for this report is: **600 words maximum.** You are encouraged to use subtitle(s) to structure your report.

You are to save a copy of this management report for submission. More instructions can be found in Section 12.

Guidance

You are encouraged to evaluate the financial performances and cash flows for April 2018 and the financial position as of 30 April 2018. Ideally you should make use of the financial information you have processed in your MYOB project, in particular the reports you have generated. You should also incorporate both historical and forward-looking perspectives when carrying out your evaluation.

You can explore other functions of MYOB Essentials, but this is not required.

You are **not** required to collect and analyse information other than those embedded in this MYOB project.

Section 12: Submission

This section specifies the instructions for assignment submission. The assignment is due on: **9:00 am, Monday 10 September 2018**

Checklist

You are required to submit each of the following documents in electronic format **via LEARN**. Check if you have had these documents ready:

	Workbook Reference	electronic
1) Quote generated on 25/04/2018 for Castle Show Homes	Page 26	☐ PDF
2) General ledger details – Accounts **1-1000 FirstBank Cheque Account** and **1-4000 FirstBank Saving Account** from 01/04/2018 to 30/04/2018	Page 38	☐ PDF
3) Journals – a list of all journal entries created on 30/04/2018	Page 43	☐ PDF
4) GST Return for the month from 01/04/2018 to 30/04/2018	Page 46	☐ PDF
5) A statement of profit and loss for the month from 01/04/2018 to 30/04/2018	Page 47	☐ PDF
6) A balance sheet as at 30/04/2018	Page 47	☐ PDF
7) The statement of cash flows for the month ended 30/04/2018	Page 48	☐ PDF, excel or Word
8) Management report (maximum 600 words)	Page 49	☐ PDF or Word

Submit the documents online

You are required to submit the above (1) to (7) documents via ACCT103 LEARN site **by the specified due date and time**.

The management report should be submitted separately via the Turnitin drop box via ACCT103 LEARN site **by the specified due date and time**.

Appendix A - Marking Guide

Marking guide1: MYOB documents

The following is the marking guide on each of the required documents (see items 1-6 listed on page 3) generated from MYOB Essentials.

6 documents @ 8 marks each.

[Total 48 marks]

```
                    ┌─────────────────┐
                    │ Required document│          No    ┌──────────────┐
                    │ submitted? Must be│───────────────▶│ No mark, move│
                    │ generated from   │                │ to the next  │
                    │ MYOB Essentials  │                │ item.        │
                    └─────────────────┘                └──────────────┘
                            │
                            │ Yes, 1 mark for submitting required file
                            ▼
```

Settings of the documents are correct (**1 mark** - must present all of the following):
- Correct date(s) or correct reporting period
- Correct and consistent business name(s)
- Correct layout / format

Contents of the documents (**6 marks** in total, select only 1 of the following):
- ☐ Complete and no mistakes (6 marks)
- ☐ Only one (1) mistake or omission (4 marks)
- ☐ Two (2) or three (3) mistakes or omissions (2 marks)
- ☐ Four (4) or more mistakes or **omissions** (no mark)

Add total and move to the next item.

Marking guide2: The Statement of Cash Flows

- □ Title of the financial statements
- □ Correct accounting period and period end
- □ Currency unit
- □ Classifications – complete
- □ Classifications – amounts are all correct
- □ Identification and presentation of inflows and out flows
- □ Sequence of presentation
- □ Correct net flows for the year
- □ Correct closing balance of cash
- □ Separate disclosure on interest
- □ Separate disclosure on taxation
- □ No other mistakes

[Total 12 marks]

Marking guide 3: Management report

The following is the marking guide on the management report.

		Poor	Average	Good	Excellent
Structure and Style: using headings, subheadings and paragraphs to organise the contents. Suitable style for formal business use; taking appropriate care as a business owner. *Maximum 5 marks in total.*	Not seen/ Extremely poor or exceeding the word limit **0/1**	**2**	**3**	**4**	**5**
Contents Each of the two (2) business problems is: • separately identified without overlapping • valid and relevant • well-articulated • supported by evidence from the project • directed to a specific and realistic solution or improvement *Maximum 10 marks each, **20 marks** in total*	Not seen/ Extremely poor **0/2**	Poor **4**	Average **6**	Good **8**	Excellent **10**
	Problem/concern (1)				
	Problem/concern (2)				

[Total 25 marks]