



insight

for Importers and Exporters

An industry-specific guide
for your MYOB software

MYOB[®]

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Introduction

Importers and exporters have many issues specific to their industry, such as dealing with duty and customs charges, deferred GST liabilities and foreign currency transactions. In this guide, you'll find practical tips for dealing with all these issues, along with lots of ideas and hints on the best way to set up MYOB software.

If you are a manufacturer as well as an importer or exporter, you'll find additional information in the guide *MYOB Software for Manufacturers*. If you are a wholesaler, then refer also to *MYOB Software for Wholesalers*.

Choosing your MYOB software

For small importers and exporters with simple inventory requirements and no foreign currency transactions, then MYOB Accounting is probably the best bet. However, if you have employees, then MYOB Accounting Plus is the way to go as it includes full payroll management.

If you buy or sell in foreign currencies, or if you need to have more than one person working in your accounting system at a time (perhaps one person invoicing and another doing the books), then MYOB Premier (for Windows) or MYOB AccountEdge (for Macs) provide the most suitable solution. In addition, MYOB Premier and MYOB AccountEdge both include multiple selling prices per item.

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

To find out more about these MYOB products, simply visit www.myob.com.au.

Preparing for multi-currency

If you have MYOB Premier or MYOB AccountEdge, you can enable the multi-currency feature. Multi-currency allows you to enter transactions in currencies other than Australian dollars, making it easy to record foreign currency transactions and calculate currency gains and losses. There are a few steps involved in preparing MYOB software for multi-currency, depending on whether you're importing or exporting.

Preparing multi-currency if you're an exporter

Step One: If you bill customers in a foreign currency, the first step is to make sure all required currencies exist in the currency list:

1. Go to the **Setup** menu, choose **Preferences**, and then mark the **I Deal in Multiple Currencies** checkbox.
2. Go to the **Lists** menu and choose **Currencies**. Check that the currency or currencies in which you trade are listed. If not, click **New**, and enter appropriate **Currency Codes**, **Currency Names** and **Currency Symbols**.

The first step is to set up your currency profile



Step Two: The second step is to create a separate receivables account, along with a corresponding exchange account, for every different currency in which you bill customers:

1. Go to the **Lists** menu, choose **Accounts List** and then click the **Asset** tab.
2. Click **New** to create a new debtors account for each currency in which you trade (e.g. Debtors US dollars, Debtors UK pounds, etc).
3. Select the **Currency** for this account. A message asking if you'd like to automatically create an exchange account appears. Click **OK**.

Step Three: The third step is to return to your currency list and link all currencies in which you trade to their relevant receivables account:

1. Go to the **Lists** menu and choose **Currencies**.
2. Click the zoom arrow of a currency to display the **Currency Information** window.
3. Click the **Receivable Accounts** tab.

Preparing for multi-currency

4. Enter your new debtors account for this currency (e.g. Debtors US dollars) in the **Asset Account for Tracking Receivables in This Currency** field.
5. Enter the business bank account in which you'll deposit payments from customers.
6. Review the remaining options in this window (such as freight and customer discounts) and mark those that apply to your business.

Step Four: The last step is to specify the appropriate currency for every customer in your **Cards List**.

1. Go to the **Card File** command centre and click **Cards List**.
2. Double-click on every customer whom you bill in a foreign currency and in their customer profile, select the appropriate **Currency**.

Preparing multi-currency if you're an importer

Step One: If you pay suppliers in a foreign currency, the first step in setting up multi-currency is to make sure all required currencies exist in the currency list:

1. Go to the **Setup** menu, choose **Preferences**, and then mark the **I Deal in Multiple Currencies** checkbox.
2. Go to the **Lists** menu and choose **Currencies**. Check that the currency or currencies in which you trade are listed. If not, click **New**, and enter appropriate **Currency Codes**, **Currency Names** and **Currency Symbols**.

Step Two: The second step is to create a separate payables account, along with an exchange account for every different currency in which you receive bills from suppliers:

1. Go to the **Lists** menu, choose **Accounts List** and then click the **Liability** tab.
2. Click **New** to create a new creditors account for each currency in which you trade (e.g. Creditors US dollars, Creditors UK pounds, etc).
3. Select the **Currency** for this account. A message asking if you'd like to automatically create an exchange account appears. Click **OK**.

Step Three: The third step is to return to your currency list and link all currencies in which you trade to their relevant payables account:

1. Go to the **Lists** menu and then choose **Currencies**.
2. Click the zoom arrow of a currency to display the **Currency Information** window.
3. Click the **Payable Accounts** tab.

Preparing for multi-currency

4. Enter your new creditors account for this currency (e.g. Creditors US dollars) in the **Liability Account for Tracking Payables in This Currency** field.
5. Enter the business bank account from which you'll make payments to suppliers.
6. Review the remaining options in this window (such as freight and supplier discounts) and mark those that apply to your business.

Step Four: The last step is to specify the appropriate currency for every supplier in your Cards List.

1. Go to the **Card File** command centre and click **Cards List**.
2. Double-click on every supplier with whom you trade in a foreign currency and in their supplier profile, select the appropriate **Currency**.

Recording multi-currency transactions

Entering transactions in other currencies is just the same as entering any other standard transaction in Australian dollars. With sales and purchases, you simply enter the customer or supplier name and, assuming you've set up the currency correctly in their card, the transaction will automatically use the correct currency.

The only thing to remember is to check the exchange rate, as this varies on a daily basis. Before recording your sale or purchase, simply click the **Exchange Rate** button, amend the rate if necessary and click **OK**.

You'll need to specify the transaction exchange rate for every transaction

If you have several foreign currency transactions to record on the one day, it's more efficient to change the default exchange rate in your currency list. To do this, simply click the **Update Current Exchange Rate in the Currency List with Transaction Exchange Rate** checkbox.



Updating foreign currencies

If you want to change the default exchange rate for a currency, or print an unrealised gains/losses report, you need to update the exchange rate in the currency list menu. Here's what to do:

1. Go to the **Lists** menu and choose **Currencies**.
2. Highlight the currency you want to change and click **Edit**.
3. Enter the new exchange rate in the **Exchange Rate** field. If you're not sure how to calculate this rate, see [Calculating currency rates](#) below.

Calculating currency rates

When you calculate the exchange rate value, you simply calculate how many Australian dollars one unit of foreign currency will buy. For example, if the Australian dollar is currently trading at 0.60 US cents, then the exchange rate that you need to enter into MYOB is equal to 1.0 divided by 0.6, which is **1.666667** (you can round up the exchange rate up to six decimal places).

Fortunately (especially for those without a PhD in pure mathematics), MYOB's currency calculator comes to the rescue when calculating these exchange rate values. Here's how it works:

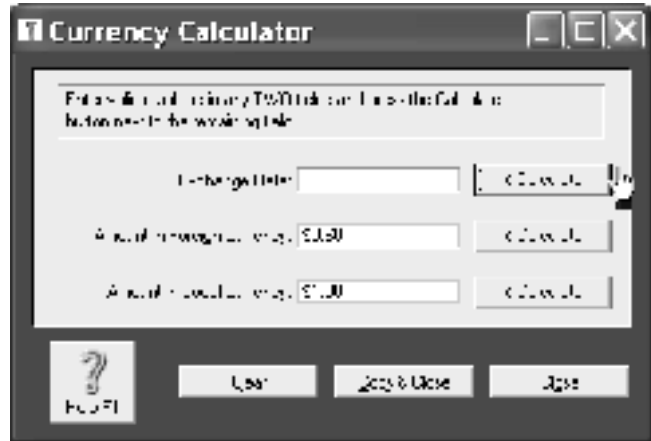
1. Go to the **Help** menu and choose **Currency Calculator**.
2. Enter valid numbers in any two fields in this calculator; then press the **Calculate** button next to the remaining field. For example, if you know that \$1 Australian buys \$0.60 US, simply enter these figures in the calculator as shown in the screenshot below, then click the **Calculate** button next to the **Exchange Rate**.

Recording multi-currency transactions

The Currency Calculator helps you figure out rates and amounts

Incidentally, you can also use the currency calculator to calculate values of foreign currency transactions. For example, if you have \$500 in local currency

and you know the exchange rate value, simply enter these two figures in the currency calculator and then click the **Calculate** button next to **Amount in Foreign Currency**.



Trading in more than one currency with a customer or supplier

When you go to a customer or supplier card, you'll notice that you can only assign one currency to each customer or supplier. Occasionally, you might do business with a customer or supplier in more than one currency throughout the course of a year. If this is the case, you'll have to create an additional customer card or supplier card for each additional currency in which you do business.

Transferring funds from a local bank account to a foreign bank account

One of the trickier foreign currency transactions to understand is transferring funds from a local bank account into a foreign bank account. However, follow these simple steps and you won't have a problem:

1. Go to the **Banking** command centre and click **Spend Money**.
2. Click **Currency** and select the currency associated with the foreign bank account.
3. If necessary, update the **Transaction Exchange Rate** and click **OK**.
4. Select your local currency account (for example, your regular business bank account) from which the funds will be drawn in the upper left corner.
5. Enter the **Date** and the **Amount**, and the amount being transferred, making sure to express this amount in the foreign currency.
6. As the **Allocation Acct#**, select the account into which the funds are being deposited (your foreign bank account).
7. Click **Record** and you're done!

Recording multi-currency transactions

Transferring funds from a local bank account to a foreign bank account



Transferring funds from a foreign bank account to a local bank account

Here's how to transfer funds from a foreign bank account into a local bank account:

1. Go to the **Banking** command centre and click **Spend Money**.
2. Click **Currency** and select the currency associated with the foreign bank account.
3. If necessary, update the **Transaction Exchange Rate** and click **OK**.
4. Select your foreign currency bank account from which the funds will be drawn in the upper left corner.
5. Enter the **Date** and the **Amount**, and the amount being transferred, making sure to express this amount in the foreign currency.
6. As the **Allocation Acct#**, select the account into which the funds are being deposited (your local bank account).
7. Click **Record** and you're done!

Printing receivables and payables reports

If you are operating multi-currency, you'll find that payable and receivable reports no longer include totals at the bottom. To view totals, you need to report on one currency at a time.

To do this, go to print your receivables and payables report, but click **Customise**. Then select the required currency, and specify if you want to view this report in the foreign currency or the local currency.

Determining the effects of exchange rates on your business

When dealing with a large dollar value of imports or exports, it's important to track the effects of currency exchange rates on your business. Fortunately, MYOB software makes it easy for you to manage both *unrealised gains and losses* (potential changes in the value of overseas transactions) and *realised gains and losses* (the actual changes in the value of your assets, liabilities and equity that occur when you exchange foreign currency for your local currency).

Recording realised gains and losses

If you create a sale to a customer in a foreign currency and you receive the payment at a later date, there is bound to be some realised foreign currency gains or losses on this transaction, as the exchange rate will have changed between the time of raising the sale and receiving the payment. Similarly, if time elapses between receiving goods from a supplier and paying them, there will also be foreign currency gains or losses.

Fortunately, MYOB software calculates these gains or losses automatically, recording them in an income account created specifically for this purpose. In the transaction below, you can see how the foreign currency loss shows up automatically in the **Gain/Loss** field.

MYOB software calculates realised foreign currency gains and losses automatically



Showing unrealised gains or losses in your financial accounts

If you want to understand the *potential* effect the exchange rate has on a multicurrency transaction, you need to determine the unrealised gain or loss for the transaction. Unrealised gains or losses affect only unpaid transactions; they reflect the money you would make or lose by either receiving payment for a sale or making payment on a debt using the current exchange rate.

You're best to consult your accountant to determine whether your business needs to track unrealised gains and losses, and if you do, the most appropriate way for you to do so. However, to determine the unrealised gain or loss for a particular accounting period, all you have to do is update the current exchange rate value (see [Updating foreign currencies on page 8](#)), then go to the **Reports** menu, click the **Accounts** tab, and display the Currency Unrealised Gain/Loss report.

If there have been currency gains on an asset account (such as an overseas bank account), you will need to record a journal entry that credits your Unrealised Currency Gain/Loss account (you may need to create an account by this name) and debits the relevant foreign currency exchange account. If there have been currency losses on an asset account, the debits and credits are the other way around.

Determining the effects of exchange rates on your business

If there have been currency gains on a liability account (such as foreign trade creditors), you need to record a journal entry that debits your Unrealised Currency Gain/Loss account (you may need to create an account by this name) and credits the relevant foreign currency exchange account. If there have been currency losses on a liability account, the debits and credits are the other way around.

One last point. If you do decide to record journal entries for unrealised gains or losses, you must remember to reverse your journal on the first day of the following period; if you don't, gain and loss amounts for future months will be inaccurate.

Incorporating shipping costs into the cost of goods

Most importers incur significant shipping costs and for management purposes, it makes sense to incorporate these shipping costs into the unit cost of their inventory. For example, if an item costs \$10 per unit plus an additional \$2.50 freight, customs and duty per unit, then you probably want your unit cost to show as \$12.50 per unit. The following procedures explain how to incorporate shipping costs into the cost of goods.

Step One: Record the overseas purchase

When you order goods from overseas, create a new purchase and enter all buy prices not including shipping. Use the N-T (Not Reportable) tax code to ensure that GST is not payable to the supplier. If you wish, fax or email this direct to your supplier.

When you receive the goods, change the order into a purchase.

Step Two: Create an Overseas Purchase item

An item called Overseas Purchase is required to record the GST payable to the customs agent on the imported goods.

To create the Overseas Purchase item

1. Go to the Lists menu and choose Items.
2. Click New and enter Overseas Purchase as the item number. Press TAB.
3. Mark the I buy this item checkbox and enter a Cost of Goods Sold account (5-xxxx) such as "Purchases" in the Expense Account for Tracking Costs field.
4. Click the Buying Details tab and enter GST in the Tax Code When Bought field.
5. Click OK.

Step Three: Record the import costs and GST payable

To record the shipping costs

1. Create an item purchase and ensure that the Tax Inclusive checkbox is not marked.
2. Enter zero (0) in the Received column, select the item to which the costs relate and enter the combined amount of freight, customs duty and insurance into the Price column. Select the GST tax code.
If you have received a number of different items, you may need to apportion the costs to each item on a separate line.
3. On the next line, enter one (1) in the Received column. Select the Overseas Purchase item created in step 2 and then enter the landed-cost amount of all purchased goods on which GST is calculated in the Price column. Use the GST tax code.
4. On the next line, enter negative one (-1) in the Received column. Select the Overseas Purchase item again and enter the same landed-cost amount in the Price column. Use the N-T (Not Reportable) tax code.

The costs of freight, customs duty, and insurance will now be incorporated into the cost of the items, and the purchase order should be equal to the shipping costs and GST due to the customs agent.

Deferred GST liability

If you have subscribed to the deferred GST liability scheme, then refer to online [Support Note 1771 - Deferring GST on International Purchases](#) available at <http://support.myob.com.au>.