insight

for consultants

An industry-specific guide
for your MYOB software

MYOB®

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The focus of most consultants is naturally their clients. All consultants need a neat database for managing client contact details and sales history as well as good-looking invoices and receipts. Many consultants need to be able to track time, often over many months and in great detail. Consultants also need to be able to manage expenses, produce Business Activity Statements at the drop of a hat and see how much money they've made at the end of the day.

Happily, all of this is a breeze with MYOB software. In this guide, you'll find practical advice about all these issues, along with lots of ideas and tips, for all types of consultants; you might be a hydro-geologist or an interior decorator, or maybe you're a computer technician or a PR consultant.

Throughout this guide, you'll also come across case studies where you can read about consultants in real-life situations. Browse through these case studies to get the big picture of how MYOB software can work for you.

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For private consultants or small consulting companies with fewer than four employees, either MYOB BusinessBasics (for Windows) or MYOB FirstEdge (for Macs) provide a perfect starting point. However, if you need advanced financial reports, purchases or inventory reporting, then MYOB Accounting is your best bet.

For consultants with employees, or for consultants who want to track time and then bill for it, then MYOB Accounting Plus is perfect, as it includes both payroll and time billing. For larger businesses where more than one person does accounts, MYOB Premier (for Windows) or MYOB AccountEdge (for Macs) provide the most suitable solution as these versions provide multi-user capability, meaning that more than one person can work in the software at a time.

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

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

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

Creating your accounts list

When you create the company file for your business, the **Easy Setup Assistant** asks you to **Build Your Accounts List**, giving you the option of starting with a standard list. Select **Service** as your **Industry Classification** and then pick a business close in nature to your own from the **Type of Business** list. Choices include computer consultant; consulting firm; designer; financial services and web designer. These templates provide sample lists of accounts and are a good starting point. Don't worry if you can't find an accounts list that is perfect – later on, you can add, change or delete as many accounts as you like.

Reviewing your accounts list

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

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

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

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Checking your preferences

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

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

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

Setting up opening balances

To enter opening account balances, go to the **Setup** menu; choose **Balances**, and then choose **Account Opening Balances**.

To enter opening balances for outstanding client accounts, go to the **Setup** menu; choose **Balances**, and then choose **Customer Opening Balances**.

To enter opening balances for outstanding supplier accounts, go to the **Setup** menu; choose **Balances**, and then choose **Supplier Opening Balances** (if you have MYOB BusinessBasics or MYOB FirstEdge, you don't need to set up supplier opening balances).

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

Getting ready to go

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

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

The most important part of your business is your client relationship. You'll need a database for managing client contact details as well as smart invoices and receipts, and you may need to generate quotes and proposals. Many consultants also like to track time for every client, often in great detail over many months.

Fortunately, MYOB software makes it easy to manage all these things.

Creating your first invoice

To create your first client account, go to the **Sales** command centre and click **Enter Sales** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Sales Register** and click **New Sale**.

Next, click **Layout** to choose the most appropriate invoice format. There are three main invoice layouts: **Service, Item** and **Professional**.

The best invoice format for consultant fees is usually a **Service** or a **Professional** invoice, as both of these layouts leave plenty room for descriptions. Professional invoices have the added benefit of a date column in each line of the invoice.

The best invoice layout for most consultants is either Service or Professional

Changing the look and layout of your invoices

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

Below is one possible way in which you could customise a client invoice. Note that although this invoice has been designed using a standard service layout as the starting point, the final version is quite clean and simple, as many of the fields that appear on the standard invoice (such as tax summaries, memos and shipping addresses) have been deleted.

You can customise your printed invoice to look exactly how you want it to look

Invoicing a client several times a year

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

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

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

2. In the dialogue box that appears, enter the client name, and next to **Frequency** specify how often you plan to bill this client. Click **Record**.

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

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

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

1. Go to the **To Do List** and click the **Recurring Sales** tab. You'll see each client's **Name** and when fees are **Next Due**.

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

3. For all clients whose account details have not changed, click against their names. Click **Record** to automatically generate accounts for these clients.

4. Go to **Print Invoices** to print your accounts.

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Creating quotations and proposals

From time to time, you may need to generate quotations or proposals for your client. You can use your MYOB software to generate quotes and later, if these quotes are accepted, you can change them into invoices with a single click of a button.

Creating a quotation

Sales can have three different statuses: **Quote, Order** and **Invoice** (although orders are not available in MYOB BusinessBasics or FirstEdge). You can select the status in the top-left corner whenever you create a sale.

Quotes are an ideal way to provide estimates to clients without creating a transaction. A quote has no impact on your financial records and can be changed to an invoice at any time.

Viewing outstanding quotes

Go to the **Sales Register**, click the **Quotes or Orders** tab and you'll see a list of all your outstanding quotes and orders.

Turning quotes into sales

To change a quote or an order into an invoice, simply go to the **Sales Register** and click the **Quotes or Orders** tab. Highlight the quote or order and then click **Change to Invoice**. You'll see the quote or order, ready for you to update as necessary and record as a final invoice.

Even once a quote is changed to an invoice, you can still find the original quote in the **Sales Register**. If you want quotes to be removed after they're changed to invoices, go to the **Setup** menu, choose **Preferences**, click the **Sales** tab and then mark the **Delete Quotes upon Changing to and Recording as an Order or Invoice** checkbox.

Setting up your client database

MYOB software provides an excellent starting point for most client databases. Customer cards have room for up to five addresses, and for each address you can specify three phone numbers, a fax number, an email address, a web address, the contact name, and the name to whom mail merge letters should be addressed. You can even store special comments in the **Notes** field. You can even group clients into pre-defined categories, using custom lists and identifiers.

Splitting clients into groups

If you go into a client's card file and click the **Card Details** tab, you'll see that you can categorise clients using both custom fields and lists. Custom lists are particularly useful for consultants as a way of organising clients into groups. You can organise clients in any manner you wish: by location, by age, by gender, by referral source, and so on.

Here's what to do to set up client groups:

1. First decide how you're going to group your clients, e.g. by location, by type, by product, etc.

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

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

4. Return to the **Lists** menu, choose **Custom Lists** (not **Custom List & Field Names**!) and then choose **Customers**. Now add the categories that you want to appear in each client group. For example, within the group of location, you might add entries for Sydney, Brisbane and Melbourne. Click **OK**.

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

That's all there is to it! The screenshot below shows some idea of how this could work for a consultancy business, but of course, you can apply these principles in many hundreds of ways.

Setting up custom lists lets you organise your clients into groups

When you run an independent database

Sometimes, consultants need to maintain a lot of very specific information about clients and decide to set up a database separate from their MYOB software. In this scenario, work out how you can best use your MYOB software in conjunction with this database.

- Don't waste valuable time typing client details once into your MYOB accounting software and once into an independent database. With the help of MYOB DeveloperPack, you can synchronise your MYOB accounting file with your client database so that the exchange of information is automated, without the need for anything to be recorded twice. To find out more about MYOB DeveloperPack, visit **http://d2d.myob.com.au** .

- A simpler approach (although not as good a solution in the long-term as automatic synchronisation) is to export card information from your company file into your database, or vice versa, using the import and export commands located in the File menu.

- If you're using a standard off-the-shelf software package as your independent database, you may well find that there is already a utility that you can purchase that automatically synchronises information.

- If you want to link ACT! contact manager with your MYOB software, go to **www.acttoday.com.au** and download the mLink utility.

- To link your MYOB company file with your contacts in Microsoft Outlook, go to **www.datapel.com** .

Printing mailing labels

Direct mail is probably the most effective way of advertising. You can use your MYOB software to develop a database of both existing clients and prospective clients and, if you like, generate personalised letters and mailing labels. (Note that these features aren't available in MYOB BusinessBasics or MYOB FirstEdge.)

Although the mailing label menu has a few standard sizes listed, chances are that none of these sizes will exactly match what you have available. The easiest approach is to buy the size of mailing labels that you want and then customise your MYOB software to print onto them. Here's what to do:

1 Go to the **Card File** command centre and click **Print Mailing Labels**.

2 Select any one of the standard label sizes as the **Selected Form for Mailing Label**. Then click **Customise**.

3 Click the **Form Properties** icon in the toolbar. Specify the size of the paper, the margins (often there aren't any with mailing labels), the number of rows and columns and the actual dimensions of the labels.

4 Still in the Customise Mailing Labels window, change the font and size of the name and address, if desired by double-clicking the relevant fields.

5 Click **OK** and you should be done. Try printing 20 or 30 labels as a test.

It's easy to print mailing labels

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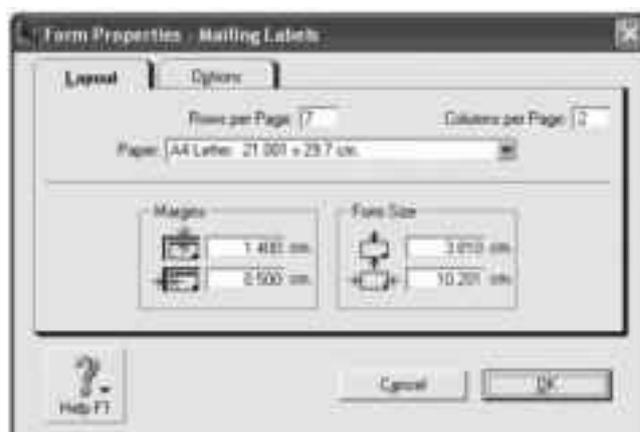
If you are a consultant who bills for time, then chances are you should be using the Time Billing command centre (note that this feature is only available in MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge). The idea is that every time you do some work for a client, you log the details of time spent, along with brief notes, in an activity slip. Later, when you come to bill the client, MYOB software compiles all these activity slips together to create a time billing invoice.

Getting ready for time billing

To get ready for time billing, you first need to go to the **Setup** menu, choose **Preferences**, click the **System** tab, and then decide in what units of time you want to bill. You might want to bill time to the nearest minute, or you might engage in the common practice of billing in six minute units.

Setting up your Activities List

Your next step is to set up an Activities List for your business. You might want to go into the Clearwater sample file and see how a typical activities list looks, but the essential principle is that you create a new item in your Activities List for every different type of activity you bill for. For example, if you bill at either $70 or $80 an hour, depending on the client and the location, you would set up two activities, one for each hourly rate. You might also have additional activities for travel time, phone calls or photocopying.

Here's a step-by-step guide to creating a new activity:

1. Go to the **Time Billing** command centre, and click **Activities List**.

2. Click **New** to create your first new activity.

3. Enter an **Activity ID** (essentially just a code that you'll refer to this activity by); an **Activity Name** and an **Activity Description**.

4. If this activity will have a standard description that will appear on every invoice (for example, photocopying), then click **Use Description on Sale**.

5. Select an appropriate **Income Account** (creating a new account in your Accounts List if necessary) and specify the **Tax Code When Sold** (usually GST).

6. Decide whether this activity is **Hourly** or **Non-Hourly**, **Chargeable** or **Non-Chargeable**. (Labour items are usually Hourly and Chargeable, expenses such as photocopying and travel costs are usually **Non-Hourly** and **Chargeable**.)

7. If there is a prescribed rate for this activity (such as an hourly rate or a photocopying rate), select **Use Activity Rate** and complete the **Activity Rate** in the bottom left.

8. If each customer has their own billing rate, click **Use Customer Billing Rate**; then go to the **Selling Details** tab in each customer's card and complete this rate.

9. If each employee has their own billing rate, click **Use Employee Billing Rate**, then go to the **Payroll Details** tab in each employee's card, click the **Time Billing** button and complete this rate.

Your Activities List is the first step in setting up time billing

Giving employees access to time billing only

Many employers would like their employees to take advantage of time billing features but don't want these same employees having access to their private financial information. Fortunately, you can set up appropriate passwords so that restricted employees can only access the Time Billing command centre.

The first step (if you haven't done this already) is to create your administrator password. (With MYOB software, whoever has **Administrator** as their **User ID** is automatically assigned unlimited access to the company file.) Here's what to do:

1   When you open your company file, enter **Administrator** as your **User ID**. Leave the **Password** field blank and click **Change Password**.

2   In the Change Password window, enter your password first in the **New Password** field and then again in the **Confirm Password** field. Click **Record** and your company file should open.

The next step is to set up a unique sub-password for every employee, specifying what menus they can access and what they can't.

1.   Assuming you've already logged on using the administrator password, go to the **Password** window (go to the **Setup** menu, choose **Preferences**, click the **Security** tab and click **Password**).

2.   Click **New** to create new **User IDs** and **Passwords** for each employee.

3.   For each user, click in the **Not Allowed** column to mark any functions that you don't want this person to be able to access.

4.   Click **OK** to save your password changes.

An alternative to setting up passwords in this manner is to create a new company file that simply contains your accounts list, customer cards and time billing activity list. Employees record their activity slips in this file and then at the end of the week or month, you export these slips out of their file into your own master file. Set up correctly, this method can work well (and is quite practical for employees who are on the road), but bear in mind that importing and exporting transactions will always be more fiddly and prone to error than working directly in the master file.

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Recording time

The above couple of sections *Getting ready for Time Billing* and *Setting Up your Activities List* on page 12 explain how to prepare for time billing. The next step is to get on with the job of recording your time.

Here's how:

1. Go to the **Time Billing** command centre and click **Enter Activity Slip**.

2. In the **Employee** field, enter the employee's name, surname first.

3. Enter the **Date** and the **Customer** name.

4. In the **Activity** field, enter the activity code (to see a list of all activities, click the blue drop-down arrow to the right of the Activity box)

5. In the **Units** field, select from the following:

a. For time, enter the amount of time in whatever units of time you specified in your preferences. For example, if your preferences are set for billing in six minute units and you work for 12 minutes, write 2 in the **Units** box. (If you wish, take things a step further by pressing the **Start** and **Stop** buttons to calculate time automatically as you go.)

b. For photocopies, phone calls or faxes, enter the number of pages copied or calls made.

6. Check the **Rate** and override it if necessary.

7. Enter the job number if you're using job features.

8. As the **Notes**, enter the description as you will want it to appear on the client's invoice. For activities such as photocopying, you don't need to enter any notes as the item description should automatically appear.

9. Click **Record** when complete.

Every time you do some work for a client, create a new Activity Slip

Preparing your first time billing invoice

Once you've recorded activity slips for your clients, you'll be ready to prepare your first time billing invoice. The procedure may seem a little complex at first, but once you get used to it, you'll find raising invoices both speedy and efficient.

1   Go to the **Time Billing** command centre and click **Prepare Time Billing Invoice**.

2   You'll see a list of all clients with unbilled time. Highlight the client you want to bill and click **OK**.

3   To bill all outstanding time, click **All** and then click **Prepare Invoice**. Or, if you wish, enter the amount you want to invoice in the **Bill** column against selected items.

4   If you have a single client who has several outstanding jobs or projects, click **Sort by Job** to group activity slips together.

5   Click **Prepare Invoice** and you'll see a standard time billing invoice, with all items and descriptions complete.

6   Enter headers and subtotals as appropriate, make any other required changes, and then click **Record**.

You can print detailed notes for each activity or group similar activities together

Deciding how much detail to include

One of the dilemmas you may encounter when first creating time billing invoices is deciding how much detail to include. You probably want to detail all the time entries separately, showing the date and what work was done, but you probably won't want a separate entry for every photocopy or phone call made.

Fortunately, the time billing window offers you the choice of combining activities or listing them separately. For example, if you want to create an invoice for a client which includes both time (that you want to detail line by line) and photocopying (which you want to lump together as a total), this is what to do:

1 When preparing a time billing invoice, click in the **Bill** column for each hourly activity.

2 Click the **Use Activity Slip Notes** checkbox and then click **Prepare Invoice**.

3 You'll see a time billing invoice with all time listed for this client, line by line, complete with notes. Now, before recording this invoice, click the **WIP** button to return to the time billing window.

4 Now, click in the **Bill** column of all the expenses that you want to combine (such as photocopying and phone calls) and this time, click the **Consolidate Activities** checkbox.

5 Click **Prepare Invoice** and these activities will be added to your invoice, with only one line per activity.

Writing off time

Sometimes you can't justify charging a client for all the time you spend on a matter. If this is the case, you can simply make an adjustment for this time in the **Prepare Time Billing** window. For example, if the **Billable** time comes up as $250 but you write $200 in the **Bill** column and then minus $50 in the **Adjustment** column, the client will only be billed $200. However, the time billing reports will track any time written off so that you can make sure that such write-offs don't get out of hand.

However, if you want to show the client that you're writing off time (and it's often good PR to do so), then don't adjust the time in the **Prepare Time Billing** window. Instead, bill for the full amount of time, click **Prepare Invoice**, and in the final time billing invoice window, edit the **Description** and **Amount** to show the amount written off. For example, the description might say "On-site troubleshooting of Welchia Worm virus. Four hours on-site, but only three hours charged".

Billing for both time and materials

Some consultants need to bill for both time and out-of-pocket expenses. If you want to include out-of-pocket expenses on your time billing invoices then you can. (You can find out more in *Setting up job expenses to be reimbursable* on page 26).

Once you have set up job expenses in this way, all you have to do is generate a time billing invoice in the normal way, but before recording it, click the **Reimburse** button. You'll see a list of any out-of-pocket expenses incurred on behalf of this client. Select these expenses and they'll be automatically added into the body of your time billing invoice.

Analysing employee productivity

There are several time billing reports that help you to analyse the billing patterns of your employees, helping to boost productivity and discern problems as they arise. You can find all these reports in the **Reports** menu, under the **Time Billing** tab.

- The **Productivity Hourly Summary** report shows total chargeable hours, adjustments, non-chargeable hours and the percent of actual hours for each employee.

- The **Employee Slip Detail** report shows similar information, but in a slightly different format, so that you can analyse the details of each employee's billing.

- The **Customer Slip Detail** report is very useful, especially if you select **Work in Progress Only** as the **Slip Status**. This report shows the total value of unbilled time and is good to print at the end of each month to make sure you haven't omitted billing any clients.

Employee productivity reports provide valuable insights

Many consultants make the most of their living away from the office, consulting to clients on-site. In this situation, it's easy to concentrate on doing what you do well, postponing boring paperwork for as long as possible. Trouble is, invoices are late, cashflow is delayed, mistakes get made and billable time forgotten.

Below are a few possible approaches to this dilemma.

Raising invoices when you're on the job

The easiest solution is MYOB PocketAccounts, a Palm OS software application that extends the information gathering reach of your desktop-based MYOB accounting software beyond the office and out onto the road. With MYOB PocketAccounts, you can access and record sales information via a handheld device, thereby creating sales, processing payments and issuing invoices.

MYOB PocketAccounts synchronises all of the sales or time billing information with the MYOB accounting software in your office. There's no need to re-key any data.

MYOB PocketAccounts is the ideal way to track time and materials when working in the field

Consultants can use PocketAccounts to 'clock in' and 'clock off' time spent on each job, keeping an accurate record of their on site activities, including non-billable time. They can log total kilometres travelled, accommodation expenses or phone calls made. When the consultant returns to the office, the information in their handheld is synchronised with the PocketAccounts desktop software via a HotSync operation, which in turn updates your MYOB accounting software.

Dialling in from location

By using a combination of broadband technology and remote access software (such as PC Anywhere or Timbuktu), it's possible for consultants to dial-in to the office and (assuming they have a laptop) work directly in your MYOB accounting software company file. In order to do this, you'll need either MYOB Premier (for Windows) or MYOB AccountEdge (for Macs), as these versions allow for more than one simultaneous user at a time.

This option is not as versatile as MYOB PocketAccounts, but may work well for consultants who are based in an established location away from head office.

Case study – Constantine Consulting

Business Name:	**Constantine Consulting**
Overview:	**Constantine Consulting provides a water quality monitoring service. They use MYOB Premier and MYOB PocketAccounts.**

Description: Constantine employs five engineers, all working with local councils throughout NSW. There are an additional three employees based at head office.

Before Constantine started using MYOB PocketAccounts, the engineers created a lot of paperwork on the road which they would then email or fax through to head office, leaving the secretary to re-type this information into the office computer. It might sound efficient enough, but in practice, this system was a nightmare. Engineers would put off dealing with their paperwork or send through information incomplete; they would forget to bill for time; chasing for expense dockets became a weekly drama and clients often waited weeks and weeks to receive final accounts.

Now, all engineers have their own handheld device, complete with MYOB PocketAccounts. They log time billing information throughout the day, simply pressing the Start and Stop buttons, so that PocketAccounts keeps track of time automatically. They also use PocketAccounts to log all expenses such as fuel, accommodation and food as well as other items such as travel time.

Upon returning to head office, each engineer performs a HotSync® operation between their handheld and the head office MYOB accounting data. Within minutes, the secretary has all the required information necessary for producing client accounts. For engineers who are out on the road for prolonged periods, they remote-sync their handhelds to head office via their mobile phone, using Bluetooth or infra-red technology.

The upshot of these changes is that Constantine is a much more profitable business. Engineers spend less time chasing paperwork, more time is billed, and out-of-pocket expenses are more likely to be on-billed to clients. Clients are happy because invoices arrive promptly and include a detailed record of work performed.

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

Sending out statements for client accounts

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

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

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

Mailing reminder letters

If some clients are consistently overdue with paying their account, you can send them reminder letters, the wording of which depends on how overdue the account is. (Note that this feature isn't available in MYOB BusinessBasics or MYOB FirstEdge.)

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

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

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

Mail merge letters provide an easy way to chase overdue accounts

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

Collecting money faster with BPAY and POSTbillpay

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

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

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

Encourage clients to pay faster with MYOB M-Powered invoices

Recording client payments automatically

If you subscribe to MYOB M-Powered invoices, every business day, you'll receive an email notification of all payments made by your clients using MYOB M-Powered invoices. The email also contains an electronic payment file that you can import into your MYOB Accounting, MYOB Accounting Plus or MYOB Premier company file to automatically record these customer payments and update your records.

Seeing how much you're owed

Choose **Receivables** from the **Analysis** menu in the Command Centre, or, for MYOB BusinessBasics and MYOB FirstEdge, simply click **Analyse Receivables** in the **Sales** command centre. You'll see a summarised Analyse Receivables report, aged as at the current date, showing the names of all clients who owe you money and how overdue they are. You can click the zoom arrows next to any client's name to go straight to a detailed breakdown of their outstanding invoices.

BPAY is a registered trademark of BPAY Pty Ltd

Case study - Angelo the Angel

Business Name: **Angelo the Angel**

Overview: **Angelo uses MYOB BusinessBasics**

Angelo is a computer technician who works a regular day job in the city, but on the weekends, he moonlights as a consultant, fixing computers and troubleshooting networks. He isn't registered for GST, but still finds MYOB BusinessBasics perfect for recording his income and expenses, ready for his annual tax return.

Angelo uses MYOB BusinessBasics to issue invoices and receipts, as well as to keep track of who owes him money. He likes the way MYOB BusinessBasics keeps track of all his client contact details and what rates each client pays.

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

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

insight
consultants

The simplest way to record expenses, suitable for many smaller consultants, is to go to the **Banking** command centre and click **Spend Money** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Bank Register** and choose **Spend Money** as the transaction type).

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

Recording expenses

To record an expense,

1. Go to the **Banking** command centre and click **Spend Money.** (Or, if you're using MYOB BusinessBasics or MYOB FirstEdge, select **Spend Money** from the **Bank Register**.)

2. Click the **Pay from Account** radio button in the top-left and select your bank account, or, if you plan to make this payment online, click **Group with Electronic Payments**.

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

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

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

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

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

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

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

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

Recording a supplier invoice

Consultants tend to use one of two layouts when recording purchases: either an **Item** layout or a **Service** layout. Most purchases, such as advertising, electricity or telephone accounts, are likely to be Service purchases. However, if you are purchasing goods for resale, an Item purchase may work best. Note that these purchases features are not available in MYOB BusinessBasics or MYOB FirstEdge.

Here's how to record a purchase:

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

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

3. Enter the supplier's name and if required, enter the purchase order number.

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

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

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

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

Paying suppliers electronically

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

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

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

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

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

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

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

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

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

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

4. Complete the payment, allocating it across several allocation accounts and several amounts. Click **Record** when you're done.

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

Recording petty cash receipts

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

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

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

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

3. As the **Amount**, enter the total value of all these receipts added together.

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

A 'reimbursement' is when a client pays you back for out-of-pocket expenses such as the cost of materials, freight charges, special tools or travel expenses. Set up properly, MYOB software automatically tracks reimbursements. (Note that this feature isn't available in MYOB BusinessBasics or MYOB FirstEdge.)

One reason to track expenses due for reimbursement is to jog your memory so you actually claim them back. This 'reminder list' is called the **To Be Reimbursed** list. You can find this list by going to your **Jobs List**, double-clicking the job you wish to view; then clicking the **Reimburse** button. Here you'll to see a list of all expenses you have claimed so far (shown under the **Reimbursed/Removed** tab), as well as a list of all expenses you are due to claim (shown under the **To Be Reimbursed** tab).

Setting up job expenses to be reimbursable

In order to bill automatically for out-of-pocket expenses, there are a couple of steps to take first:

1   For every client for whom you have out-of-pocket expenses, go to the Jobs List and create a job with their name.

2   In the **Job Information** window for each client, click the **Track Reimbursables** checkbox and select the client's name in the **Linked Customer** field.

3   Go to the **Accounts List** and create a new income account starting with **4-** and called 'Income from Customer Reimbursements'.

This complete, continue to enter expenses and purchases as normal, taking care to enter the appropriate **Job** number next to the **Amount** for any out-of-expenses.

Claiming out-of-pocket expenses

When it's time to see what items are due for reimbursement, open the **Jobs List** and double-click the job. Click **Reimburse** followed by the **To Be Reimbursed** tab to see a list of all purchases and expenses due for reimbursement.

To bill a client for these expenses, go to the **Sales** command centre and click **Enter Sales**. Enter the client's name. If there are expenses due to be reimbursed from that particular customer, the **Reimburse** button will be coloured, not grey. Click this button to see any expenses due to be reimbursed.

If you are asked to specify a **Reimbursement Account**, enter the income account you created called 'Income from Customer Reimbursements'. This complete, simply click against the expenses you wish to include in your invoice and, if you want to mark up these expenses, click **Markup**.

Claiming out-of-pocket expenses from clients

Once you click **Reimburse**, you return to the invoice, where all the items you marked for reimbursement will be shown.

Checking for unbilled expenses

From time to time, it's a good idea to generate a report that lists all unbilled expenses. This way, you can be sure that you never miss billing a client.

The report you need can be found in the **Index to Reports** window, under the **Sales** tab. Highlight the **Customer Reimbursable Expenses** report, Click **Customise** and then click the **Reimbursable** radio button. Click **Display** to view any unbilled expenses.

Analysing financials in more detail

As soon as you start recording transactions in your MYOB software, you'll be able to see how much money has come through the door, what your total expenses have been and how much profit you have at the end of the day. Useful as this information may be, chances are that if you're looking to grow your business and become more profitable, you'll need to analyse your financials in more detail than this. The next few sections explain how.

Setting up your income accounts

One of the simplest ways you can start to analyse your financial reports is to incorporate sufficient detail in your accounts list. Go to the **Accounts List**, click the **Income** tab, and read what's there. If you have three or fewer types of income categories, have a think about how you might describe your different income types in more detail.

Maybe you're a consultant who earns money from three major clients; if so, create an income account for each. Maybe you earn money from a combination of journalism, consulting and teaching; again, create an account for each. Maybe you engage in different types of consulting, or maybe you employ subcontractors who generate additional income streams.

By creating individual income accounts for each source of income, you'll be able to see how much money you make from each activity at a glance, every time you print your Profit & Loss report.

Analysing profitability of individual jobs and projects

Every transaction can be coded in several different ways. For example, in the **Spend Money** transaction below, the **Card** shows the name of the supplier; the **Allocation Account** shows the type of expense and the **Job** column shows the project code.

Coding transactions by job is entirely optional, but once complete, offers the ability to print a whole range of job reports, including Profit & Loss statements and detailed transaction listings.

Job codes let you analyse the profitability of every project

Most consultants don't have individual jobs per se, but nonetheless find the jobs feature very useful. If you have large projects, different cost centres or departments, you can set up a job number for each one. This way you can see how much profit each project generates or analyse whether a branch office or department is paying their way. Note that the Categories feature in MYOB Accounting, MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge provide more advanced management of departmental and cost centre reporting.

Analysing financials in more detail

Here are some ways in which consultants take advantage of jobs:

- A hydro-geologist allocates a job number to all new projects, and at the completion of each one, analyses profitability of each one.

- An educational consultant has a mix of corporate and government work. By treating each type of work as a separate cost centre, and allocating expenses appropriately, he analyses the profitability of each part of his business.

- An engineering consultant has a business with 40% of income generated by private property inspections and the remaining 60% generated by a handful of large projects. He has a separate job number for each of the large projects and a single job number to cover all the private property inspections. The regular job analysis has enabled him to see how he consistently underquoted on large projects, and how it was the hum-drum inspection work that saved his bacon every year.

By analysing how much money you're making (or losing!) on everything you do, you can fine-tune operations so you know how each cost centre is performing, whether individual departments are meeting their budgets or individual projects are paying their own way.

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

Analysing profitability of different divisions or locations

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

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

To turn on category tracking, go to the **Setup** menu, choose **Preferences**, and then click the **System** tab. Mark the **Turn on Category Tracking** checkbox.

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

If you want to be forced to enter a category for every transaction, select the **Categories are Required** option, rather than the **Categories are Not Required** option when switching on category tracking in your system preferences.

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

Recording GST on income and expenses

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

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

You can make life easy for yourself by going to the **Accounts List** and, one by one, double-clicking each account and checking the linked **Tax Code**. By linking all income and expense accounts to the most appropriate tax code, the correct codes pop up automatically when you record sales, purchases or Spend Money transactions.

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

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

Your Tax Code List should look similar to this one

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

CAP (GST on capital acquisitions)

If you're part of the Simplified Tax System (which is the case for most consultants), then you need to report all capital acquisitions (new equipment, furnishings or vehicles) that cost more than $1,000 separately on your Business Activity Statement. To do this, you need a separate tax code called CAP.

If you're not part of the Simplified Tax System, then you need to report all capital acquisitions (new equipment, furnishings or vehicles) separately on your Business Activity Statement, regardless of the cost. To do this, you need a separate tax code called CAP.

If you're not sure whether or not you're part of the Simplified Tax System, ask your accountant.

FRE (GST-free goods and services)

Even if you don't sell any GST-free goods or services, you're bound to end up purchasing GST-free supplies such as bank charges, donations or government charges.

GST (Goods and Services Tax)

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

ITS (Input taxed sale)

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

N-T (Not Reportable)

N-T stands for not reportable and is the code you use for everything that falls outside the GST net, such as wages; superannuation; loan repayments; bank transfers and personal spending.

QUE (Query)

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

Deciding what codes to use when

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

Income

- Assuming you're registered for GST, then select GST as the tax code on all your invoices.

- Interest income should have ITS as the tax code, as should any income from residential real estate investments.

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

Expenses

Items with GST as the tax code

- Most expenses, including things such as advertising, electricity, postage and telephone.

- Merchant fees on credit cards.

- Commercial rent.

- Travel within Australia.

Items with FRE as the tax code

- Donations, most bank charges and interest expense. (However, watch out, as merchant fees should have GST as the tax code.)

- Government charges, including licence renewals, motor vehicle registration, council rates, water rates, land tax and stamp duty.

- Milk, tea, coffee and some first aid supplies.

- Residential rent expense.

- Overseas travel.

Items with CAP as the tax code (CAP stands for 'GST on capital acquisitions')

- Assuming you're registered for the Simplified Tax System (ask your accountant if you're not sure), select CAP as the tax code for all new tools over $1,000. If you're not registered for the Simplified Tax System, all capital acquisitions should have CAP as the tax code.

Items you should check with your accountant or supplier

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

- Insurance is tricky, because almost every insurance policy is a mixture of taxable and tax-free (stamp duty doesn't have GST on it). Double-check the exact amount of GST on every insurance payment.

Items with N-T as the tax code

- Private expenses.

- Superannuation expense.

- Wages.

Recording transactions if you're not registered for GST

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

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

1. Go to the **Sales** command centre and click **Print Invoices**.

2. Select your **Invoice Type** and your customised invoice format from the **Selected Form for Invoices** drop box. Click **Customise**.

3. Highlight the field called 'Invoice Type' and press Delete. This removes the words 'Tax Invoice' from the standard invoice template.

4. Now click the text tool (the capital T) from your forms toolbar and then click on the invoice somewhere near the **Comment** field. A box called **Text Field** should appear.

5. Double-click this box and enter the words 'Our business has an ABN but is not registered for GST. Therefore, all prices are GST-free' as your **Text**. Modify the **Font** and **Size** to suit the rest of the invoice. Click OK.

6. If necessary, expand the size of the text field so that all the text fits in. (Change the size of a field by resting your mouse on the bottom right corner of the field and dragging this corner outwards.)

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