



insight

**for health
professionals**

An industry-specific guide
for your MYOB software

MYOB[®]

Contents

Introduction	3	Case study - The Chiro Practor	17
Choosing your MYOB software	4	Dealing with expenses	18
Understanding the essentials	5	Recording expenses	18
Creating your accounts list	5	Recording a supplier invoice	18
Reviewing your accounts list	5	Paying suppliers electronically	19
Checking your preferences	6	Organising petty cash (if you have a petty cash tin)	20
Setting up opening balances	6	Organising petty cash (if you have a wallet full of receipts)	20
Getting ready to go	6	Analysing the success of your practice	21
Billing your patients	7	Setting up your income accounts	21
Creating your first invoice	7	Analysing the profitability of individual practices	21
Changing the look and layout of your invoices	7	Reporting for different doctors or cost centres	22
Printing receipts on the spot	8	Case study - Dr Dobson	23
Integrating with other billing systems	8	Looking after your financial information	24
Adapting your invoice to meet government requirements	9	Keeping your financial results private	24
Case study - Body & Beauty	10	Setting different levels of access for different employees	24
Receiving payments	11	Accessing your company file from a distance	25
Working with undeposited funds accounts	11	Managing GST and taxation	26
Setting up an undeposited funds account	11	Recording GST on income and expenses	26
Transferring money into your bank account	11	Deciding what codes to use when	27
Understanding how Eftpos and credit card totals come through	12	Recording transactions if you're not registered for GST	29
Setting up your patient database	13		
Organising your patients into groups	13		
Printing mailing labels	14		
Creating appointment reminders	14		
Sending reminder letters	15		
Running an independent database for your patients	16		

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Introduction

For most health practitioners, the focus of their business is naturally their patients. For good patient management, you'll need a detailed database for managing patient details, an efficient billing system and smart-looking receipts. You'll also want to manage expenses, produce Business Activity Statements at the drop of a hat and see how much money you'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 health practitioners; whether you're an acupuncturist or an obstetrician, a physiotherapist or a GP.

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

Choosing your MYOB software

For sole practitioners, either MYOB BusinessBasics (for Windows) or MYOB FirstEdge (for Macs) provides a perfect starting point. However, if you need advanced financial reports, M-Powered® electronic payments, purchases or inventory reporting, then MYOB Accounting is your best bet.

For health practitioners with employees, MYOB Accounting Plus is perfect, as it includes integrated payroll. 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 these MYOB products, visit www.myob.com.au/products/.

Understanding the essentials

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

Creating your accounts list

When you create the company file for your business, the **New Company File Assistant** asks you to **Build Your Accounts List**, giving you the option of starting with a standard list. Select **Service** as your **Industry Classification** and then pick a business close in nature to your own from the **Type of Business** list. Either the chiropractor or the medical/dental/optician option provide relevant sample lists of accounts and make 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 patient 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 patients. 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.

Understanding the essentials

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 patient 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 patient fees or supplier accounts 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.

Billing your patients

For many practitioners, the first thing they want from their accounting software is a way to create smart-looking invoice and receipts, in the quickest and easiest manner possible. Fortunately, MYOB software makes it easy to manage all these things and the next few sections of this guide explain just how.

By the way, if you already use a separate medical billing system (as is the case for many general practices), refer to the heading [Integrating with Other Billing Systems on page 8](#).

Creating your first invoice

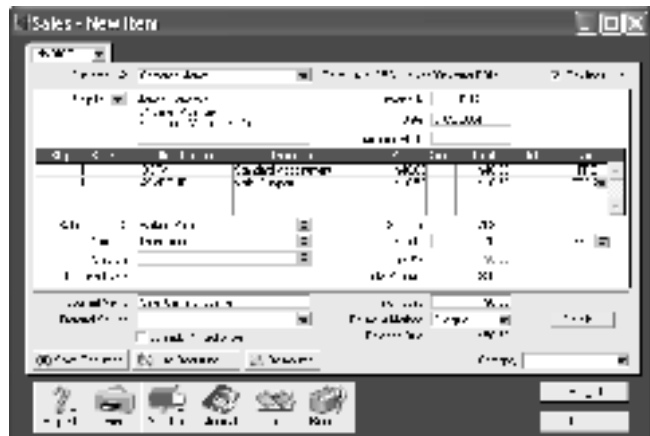
To create your first patient invoice or receipt, go to the **Sales** command centre and click **Enter Sales** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Sales Register** and click **New Sale**).

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 health practitioners is usually an **Item** invoice, as you can set up every service you provide as an item in your Items List. Think of an item as being anything you can sell, such as a standard appointment, a long appointment or a cancellation fee. Of course, you can set up items for goods you sell also, such as herbal medicines, supplements or therapeutic aids.

In some situations, **Service** invoices also work well, especially if you want to include detailed descriptions that vary for each patient.

The best invoice layout for most health practitioners is either Item or Service



The invoice in the screenshot above shows an item invoice for a physiotherapist. Although this invoice

only shows two items, expand the concept to consider the different services you provide, and consider how you can best design your Items List.

Changing the look and layout of your invoices

With all MYOB software, you can customise your accounts and 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).

Billing your patients

Below is one possible way in which you could customise a patient 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



Printing receipts on the spot

Receipts look like invoices, but are smaller with less detail included on them. In the most recent versions of MYOB software, all you have to do in order to produce a receipt is to go to the **Sales** command centre, record the payment, then click **Print Receipts**.

Integrating with other billing systems

If you have a busy practice with many practitioners, you may find it most efficient to use a program other than MYOB software to manage your patient accounts, medical histories and appointments. If this is the case, make sure all your business software works as a team, rather than in isolation from one another:

- Don't waste valuable time typing information once into your MYOB company file and once into an independent billing system. Work out what tasks each software package does and make sure there is minimal duplication.
- Consider running MYOB software as a simple 'cashbook' alongside your medical billing software. For example, the billing software would track the details of each patient (including appointments, medical histories and outstanding accounts), whereas MYOB software would only track the total amount banked, working from the bank statement.
- If you decide to maintain tighter internal controls, consider linking your billing software automatically with MYOB accounting software. With the help of MYOB DeveloperPack, you may be able to synchronise the two programs so that the exchange of information is automated, without the need for anything to be recorded twice.

Billing your patients

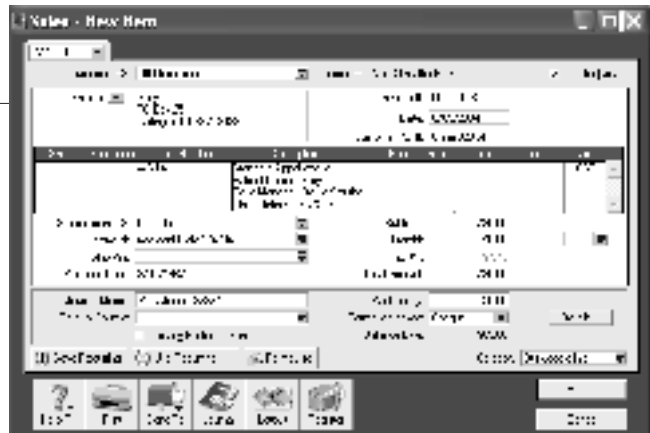
Adapting your invoice to meet government requirements

Government authorities often ask that patient accounts include very specific information in order for yourself or the patients to be eligible for rebates. Fortunately, this is possible for most invoice layouts; all you require is a little creativity.

The screenshot below shows an example invoice for a psychologist who has to show her bills and statements in a particular format when dealing with workers compensation claims. Using an **Item** invoice layout, this is what she's done:

- The **Customer** card is the workers compensation insurer.
- The physiotherapist uses the insurer's card as the **Customer**, but when she gets to the **Ship To** field, she clicks the address button and selects **Another Card**. This brings up a list of all customers, including the patient in question. She highlights the patient's card and click **Use Card**.
- The **Customer PO#** is used as the Claim number.
- The **Salesperson** field is used as the name of the consulting psychologist.
- The **Comment** field records the patient's date of injury, if this information is required.
- The **Promised Date** field records the patient's date of birth.
- The **Journal Memo** records the patient's name and claim number. This prints as summary information on any statements sent to the insurer.

You can customise the standard sale format to suit many scenarios



Of course, when you print this invoice, you customise the template so that the labels change. For example, if you use the Promised Date field to record the patient's date of birth, then you customise the Promised Date text box in the Customise Invoices window so that this prints as Date of Birth. Although this is a very specific example of how you can customise an invoice, these principles can be adapted to suit a variety of situations.

Case study - Body & Beauty

Business Name:

Body & Beauty

Overview:

Cathy runs a massage therapy business, based from a small clinic attached to the back of her home. She uses MYOB FirstEdge.

Cathy is good at massage, but hates even thinking about her accounts or income tax. She's found MYOB FirstEdge to be a life-saver, forcing her to get this part of her life organised, yet not taking up too much time.

Cathy still uses a hand-written receipt book for recording income from her clients, as this method is both easy and quick. She keeps all business receipts in a shoebox and tries to pay for as much as possible using electronic transfer or her credit card.

Once a month, Cathy sits down with her bank and credit card statements, her shoebox and her receipt book. She finds it only takes a couple of hours to record all the transactions for the month and balance her accounts. As the months have gone by, she's started to almost enjoy working on her accounts and has even started to read her Profit & Loss report every month.

Cathy was surprised to find out how many expenses were associated with her business and how little money she was making. After talking to a business consultant, she decided to spend more on advertising, but put her prices up by 25%. This decision has worked really well, and she's looking forward to her business growing even more in the future.

Receiving payments

Some smaller health practitioners still find it easiest to issue hand-written receipts throughout the day and then once every few weeks, record these receipts into their MYOB software. Other practitioners prefer to record every sale at the point the service is provided, thereby providing patients with a receipt and doing their books at the same time. Either way (assuming that you receive payment at the time of providing the service), the simplest approach is to record the sale and the payment in one hit:

- 1 Enter the sale in the **Sales** command centre, but before clicking **Record**, enter the amount paid in the **Paid Today** field.
- 2 Select the **Payment Method**. (To add a payment method that's not there already, go to the **Lists** menu, click **Sales & Purchases Information**, then click **Payment Methods**.) If you want to print out bank deposit slips, remember to click the **Details** box when recording cheques, and then enter the account name and number in the space provided.
- 3 Click **Record**.

Working with undeposited funds accounts

Setting up an undeposited funds account makes sense for most health practitioners, especially if you receive several payments per day or if you tend to spend cash before banking the money. However, if you only bank a couple of payments at a time and don't deal with much cash, then an undeposited funds account isn't necessary.

The idea of an undeposited funds account is that you record all payments as going into this account. Later, when you deposit cash or cheques into your bank account, you create a bank deposit that transfers the money *out* of undeposited funds and *into* your business bank account. The result? The balance of your undeposited funds account returns to zero, and the deposit of all the payments into your bank account shows up as a single amount in your business bank account. Once you get used to the whole idea, it works pretty well.

Setting up an undeposited funds account

If you decide that you want to use an undeposited funds account, there are three steps to follow:

- 1 First, go to your **Setup** menu, click **Linked Accounts** and then choose **Accounts & Banking Accounts**. Make sure that the last account in this list is your **Undeposited Funds** account (this account always starts with the number 1) and then click **OK**.
- 2 Next, go to your **Preferences** menu, click the **Sales** tab and then mark the **When I Receive Money, I Prefer to Group It With Other Undeposited Funds** checkbox.
- 3 Last, remember to click the **Group with Undeposited Funds** button whenever you record a customer payment or receive any other money.

Receiving payments

Transferring money into your bank account

If you're using an undeposited funds account, you need to create a **Prepare Bank Deposit** transaction every time you bank cash or cheques.

1. Go to the **Banking** command centre and click **Prepare Bank Deposit**.
2. Select your regular business bank account as the account in the top left corner.
3. Use the **Select Receipts** by field to filter which receipts you want to deposit.
4. Click in the **Deposit** column beside each receipt you want to deposit.
5. Click **Record** to complete the transaction.

Understanding how Eftpos and credit card totals come through

Although MYOB software shows Eftpos and credit cards separately in the payment method list, it's most efficient to lump Eftpos and credit card payments together, simply selecting Eftpos as the payment method. That's because Australian banks always combine these payments and they'll appear as a single amount on your bank statement for each day. The only exception to this is AMEX and Diners Club, as these two credit cards always appear separately on your bank statement (usually a few days after the event).

Setting up your patient database

Whether MYOB software is the best choice for your patient database depends on the nature of your practice. Some smaller health practices such as acupuncturists or naturopaths use MYOB software to keep track of all patient contact and billing details, but store notes about patient medical histories in a separate place. Some larger practices have specialist billing and appointment software and only use MYOB software as a cashbook, to record total income banked and the details of all expenses paid.

If you don't have specialist billing software, MYOB software provides an excellent starting point for storing patient details. Customer cards have room for up to five addresses, and for each address you can record up to three phone numbers, a fax number, email, web address, contact name, and the name to whom mail merge letters should be addressed. You can even store a small amount of **Notes** in the **Card Details**, and you can even group your patients into pre-defined categories, using custom lists and identifiers.

Organising your patients into groups

One of the great features of MYOB software is the way you can organise your patients or customers into groups. Here's how:

1. First decide how you're going to group your patients, e.g. by age group, by medical condition, by service provided, etc.
2. Go to the **Lists** menu, choose **Custom List & Field Names**, and then choose **Customers**. Change the title of **Custom List #1** (and **Custom List #2** and **#3** if desired) to indicate the way you're going to group patients, for example, by changing the name of **Custom List #1** to Medical Condition.
3. Go to the **Lists** menu, choose **Custom Lists** and then choose **Customers**. Now add the categories that you want to appear in each custom list. For example, within the group of Medical Condition, you might have Asthma, Diabetes, Epilepsy, etc.
4. Last, go to each patient's card and choose the custom list categories appropriate to them.

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

Setting up custom lists lets you organise your patients into groups



Setting up your patient database

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 patients 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 mailing labels to fit. 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 Go to the form properties icon (second from the right on the **Forms** toolbar) and 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, double-click each field to change the font and size of the name and address, if desired.
- 5 Click **OK** and you should be done. Try printing 20 or 30 labels as a test.

Creating appointment reminders

If a patient is due to make another appointment some time in the future, whether this be six days, six months or even a year away, you can record this in their **Contact Log**. To do this, click **Cards List** from the **Card File** command centre. Select the patient's card, click **Log** and then click **New**. Here you can record any required notes, and then enter the date they are due to contact you by in the **Recontact Date**. (Note that contact log features aren't available in MYOB BusinessBasics or MYOB FirstEdge.)

When this date arrives, a reminder will pop up in your **To Do List**, under the **Contact Alert** tab. If the patient still hasn't contacted you, you can send them a reminder letter, using the mail merge features explained in the next section of this guide.

Setting up your patient database

Sending reminder letters

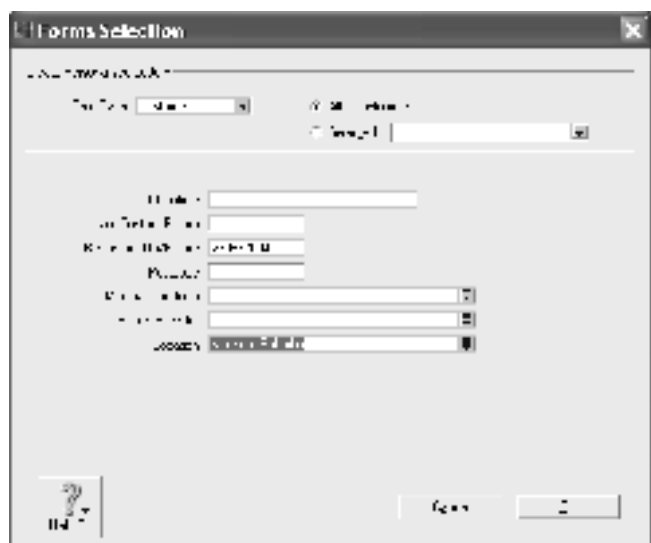
First, customise a Microsoft Word template provided with your MYOB software to create a reminder letter which has the wording that you want. (Note that reminder letters aren't available in MYOB BusinessBasics or FirstEdge.)

1. Go to the **Letters** folder that sits within your MYOB program folder.
2. Open up the template called 'BLANK.dot'.
3. Change this template so that it reads as a standard reminder letter and then click **Save As** (from the **File** menu).
4. Save this template with a logical name, such as 'Reminder.dot'. (Word templates always have the three letters 'DOT' at the end of their name.)

Now, to send a reminder letter to a patient, here's what to do:

1. Click **Personalised Letters** in the **Card File** command centre.
2. Change the **Card Type** to **Customer** and, (assuming you've set up recontact dates as explained in the previous section of this guide), enter an appropriate date in the **Recontact On/Before** field. Click **OK**.
3. Remove the tick from any patients to whom you *don't* want to send reminders, and then click **Mail Merge**.
4. You'll be asked to choose a template. Choose the template you just created.
5. Click **Use Template** and Microsoft Word will open automatically.
6. Complete your name and title as requested, and watch as the letters are processed before your eyes.

You can send reminder letters from your company file to open up automatically in Microsoft Word



The screenshot shows a 'Forms Selection' dialog box with the following fields and controls:

- Name: [Text Field]
- Title: [Text Field]
- Address: [Text Field]
- Phone: [Text Field]
- Company: [Text Field]
- Buttons: [OK], [Cancel], [Help]

Setting up your patient database

Running an independent database for your patients

Sometimes, health practitioners need to maintain a lot of very specific information about patients 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 patient details once into your MYOB company file and once into an independent database. With the help of MYOB DeveloperPack, you can synchronise your company file with your patient database so that the exchange of information is automated, without the need for anything to be recorded twice.
- 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 company file, go to www.acttoday.com.au and download the mLink utility.
- To synchronise the card details in your company file with your contacts in Microsoft® Outlook, go to www.datapel.com.

Case study - The Chiro Practor

Business Name:

The Chiro Practor

Overview:

Dr Bones uses MYOB Accounting Plus to run all aspects of his busy inner-city surgery

Dr Bones has a chiropractic surgery in the inner-city, where he works six days a week. He employs four staff: a massage therapist, two receptionists and a part-time bookkeeper.

Dr Bones finds that MYOB Accounting Plus is perfect for recording patient invoices and receipts. In the morning, the receptionist creates sales for all the appointments booked for that day, recording these as orders, rather than as finalised invoices. As the patients attend the clinic and pay for their visit, the receptionist calls up each order, records the payment details and changes the order into an invoice.

MYOB Accounting Plus also doubles as a patient database for Dr Bones (he stores hand-written medical history and appointment notes separately). Over time, this database has proved a valuable marketing tool for his practice, allowing him to analyse income by the location of his clients, their age and also by how they heard about him. He even sends reminder letters to patients, direct from his MYOB card file, and uses the Contact Alert tab in the To Do List to remind him when a patient is due to make an appointment.

Dr Bones also pays all suppliers and employees using MYOB M-Powered® payments. By working in this way, he finds that by the time his Business Activity Statement is due, all his income is already recorded in his company file, as are most of his payments. All the bookkeeper has to do is record petty cash, reconcile the bank accounts and print the Business Activity Statement.

Dealing with expenses

The simplest way to record expenses, suitable for many smaller health practitioners, 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 practices, 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 purchases aren't available in MYOB BusinessBasics or MYOB FirstEdge.) This method works well if you have a substantial amount of accounts to be paid each month and you want to keep tabs on how much you owe, but by its very nature is a more complicated way of working.

Recording expenses

To record an expense, 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**.)

1. 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**.
2. 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.
3. 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.
4. Write a brief description in the **Memo** field, if desired.
5. In the **Acct#** column, specify which account this expense should go to.
6. Check that the **Amount** is correct. Usually, this amount includes GST, assuming you've ticked the **Tax Inclusive** box on the top-right.
7. Fill in the **Job** column if you want to track expenses by particular projects or cost centres. Otherwise, leave this column blank.
8. If you want to include additional information about this transaction, do so in the additional **Memo** column that appears next to the **Job** column.
9. Fill in your **Tax** code, double-check the tax total (this calculates automatically), then click **Record**.

Recording a supplier invoice

Health practitioners 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.

Dealing with expenses

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 funds, 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/.

Dealing with expenses

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

The method described here works best if you have an office with a petty cash tin, and more than one person takes money out of the tin. However, if you don't have a petty cash tin but end up paying lots of little cash expenses directly from your own pocket, see the method listed in *Organising petty cash (if you have a wallet full of receipts 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, and remember to make it a **Bank** type account.
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 the **Spend Money** window but this time *change the bank account* at the top to read Petty Cash.
4. Complete the payment, allocating it across several allocation accounts and several amounts. Click **Record** when you're done.

Recording petty cash receipts

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



Organising petty cash (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.

Analysing the success of your practice

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 practice 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 income in more detail.

Maybe you're a consultant paediatrician who earns money from three sources: private practice; hospital practice and hospital on-call; if so, create an income account for each. Maybe you're a therapist who earns money from naturopathy, acupuncture and from the resale of remedies; again, create an account for each. Maybe you're in General Practice and have three doctors working in your surgery; create an income account for each.

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 the profitability of individual practices

In MYOB software, every transaction can be coded in several different ways. For example, in an **Enter Sales** transaction, the **Card** would show the name of the patient; the **Allocation Account** shows the type of income; the **Job** column shows the name of the doctor and the **Category** field shows the location of the practice. (Note that categories aren't available in MYOB BusinessBasics or FirstEdge.)

If you have a practice in more than one location, you can either use the jobs or the category feature to report on each practice. For example, an obstetrician has two practices: one in the inner-city and one in the outer-west. When recording income and expenses, she could either use a different job code for each location, or a different category code.

The advantage of using jobs is that you can allocate a single transaction to more than one practice (for example, you might want to split your mobile phone bill 50/50 across each practice). The advantage of using categories is that you can not only print a Profit & Loss report for each practice, but you can print a Balance Sheet also.

To create a new job or category, go to the **Lists** menu, choose **Jobs** or **Categories** and then click **New**. Enter a **Job** or **Category Name** and **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** won't be required).

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.

Analysing the success of your practice

Reporting for different doctors or cost centres

Although the most obvious application for job and category features is to report on the profitability of multiple practices, there are many ways in which health practitioners take advantage of these features:

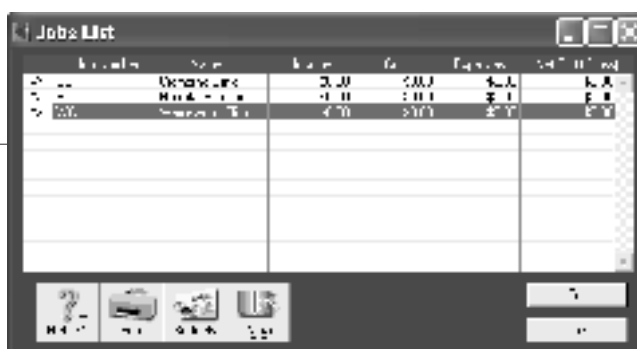
- A general practice has three doctors. When recording income, they use a different job code for each doctor. This way, they can see how much income each doctor generates every month.
- A chiropractor decides to sublet one of his rooms on a trial basis to a massage therapist. By coding all income and expenses associated with this therapist, he keeps an eye on how this business arrangement is working out.
- A physiotherapist does an enormous amount of work for Veteran Affairs. By coding all income received by Veteran Affairs patients with the appropriate job code, she can see how this work is faring.
- A psychologist who runs teaching courses uses job codes to create two cost centres: one for the income and costs from teaching, and one for his general practice.

The idea about cost centres is that you can get separate reports for each cost centre, and *still* get a report for your business as a whole. To use the psychologist example above, the psychologist can see a separate profit & loss for both teaching and general practice, showing total income less overheads. As well as this, he can obtain an overall profit & loss for both activities combined.

Jobs and categories help you analyse the profitability of your practice

Don't get muddled with the functions of jobs/categories and your accounts list. The idea of having jobs or categories is that you can keep your accounts

list simple, and avoid the need for a plethora of different accounts. For example, if you want to track repairs and maintenance for more than one cost centre, you still only need one repairs and maintenance account in your accounts list.



Job Code	Name	Rate	G	Expense	Profit/Loss
100	General Practice	100	100	100	0
200	Teaching Courses	200	200	200	0

Case study - Dr Dobson

Business Name: Dr Dobson

Overview: Dr Dobson is an obstetrician working in private practice and in the local public hospital. She uses MYOB Accounting for her business.

Dr Dobson only uses MYOB Accounting as a simple cashbook, finding that specialist medical billing software is more appropriate for managing patient billing and medical records.

Dr Dobson has found that the expenses for her private practice have gone through the roof in the last couple of years. As part of weighing up whether she can afford to continue, she uses the job feature in MYOB Accounting to divide her practice into three cost centres (one for her Wednesday practice out of town, one for her Friday practice in the city and one for the hospital work). She codes all income and expenses according to the cost centre to which they belong, and at the end of each month prints a Profit & Loss for each one.

To her surprise, Dr Dobson has found that although the hourly income from private practice is significantly greater than from her hospital work, the costs of office rent, receptionist wages and professional indemnity insurance offset these benefits. She is currently assessing how to consolidate her professional activities and make her private practice (which she loves and feels passionate about) more viable.

Looking after your financial information

Many health professionals find their work is quite itinerant in nature, maybe working in a couple of clinics as well as from a home office. The next section of this guide looks at how to keep your financial information private, as well as how to access your company file from a distance, either when you're working from home or when you're out and about.

Keeping your financial results private

Many medical practitioners are happy for their bookkeeper to do their accounts, but reluctant for everyone in the office to know about their private financial affairs. In order to restrict who can view your company file, you need to set up passwords. Here's what to do:

1. When you open your company file, enter **Administrator** as your **User ID**. (The **Administrator** ID has unlimited access to the company file and is the only ID that can create new user IDs or set access restrictions).
2. Leave the **Password** field blank and click **Change Password**.
3. In the Change Password window, enter your password first in the **New Password** field and then again in the **Confirm Password** field. (Keep this password to yourself; only the business owner or manager should know the password that's associated with the Administrator ID.)
4. Click **Record** and your company file should open.
5. Go to the **Setup** menu, choose **Preferences** and then click the **Security** tab. Click the **Password** button.
6. For each employee, click **New** to complete the **User ID** and **Password** fields.

This complete, everyone will be prompted to enter a **User ID** and **Password** every time they open your company file.

Setting different levels of access for different employees

When you open your company file using your administrator password, you have unlimited access to all parts of your company file. However, many medical practitioners choose to restrict access to their financial information, only allowing employees to use certain areas of the software (for example, allowing employees to create invoices and receipts, but not to view Profit & Loss reports).

Here's how to set up different levels of access for your employees:

- 1 Open up your company file using **Administrator** as your **User ID**.
- 2 Go to the **Setup** menu, choose **Preferences** and then click the **Security** tab. Click the **Password** button.
- 3 Highlight the employee's **User ID** in the left-hand column of the **User Access** window (or click **New** to create new user ids and passwords, if necessary).

Looking after your financial information

- 4 Click in the **Not Allowed** column against functions you don't want this person to be able to access, as shown below.
- 5 Click **OK** to save your password changes.

Specifying security levels for different employees

If you want to copy these restrictions to another employee (maybe you're barring all employees, with the exception of the bookkeeper, from recording payroll transactions, editing sales or viewing financial reports), then you can. Highlight the new employee's **User ID**, click **Edit**, and in the **Copy Restrictions** field, select the name of the employee whose restrictions you have already established.



Managing GST and taxation

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

Recording GST on income and expenses

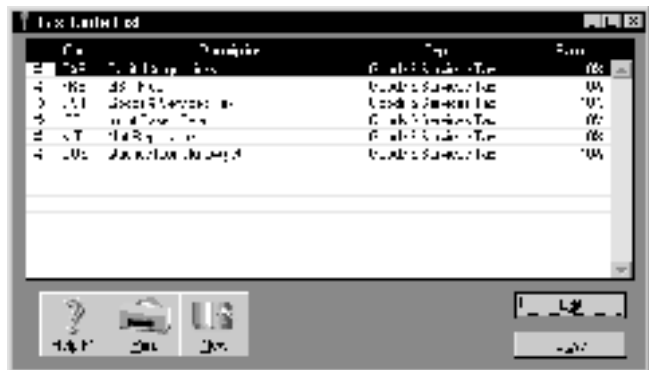
Whenever you record a transaction, you can choose whether to enter the amount as tax-inclusive or tax-exclusive by marking or clearing the **Tax Inclusive** checkbox in the top right of every transaction window. (When recording payments or receipts in MYOB BusinessBasics and MYOB FirstEdge, you may have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

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

Most health practitioners 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



Code	Description	Tax Type	Rate
00	None	Goods & Services Tax	0%
01	Goods & Services Tax	Goods & Services Tax	10%
02	Goods & Services Tax	Goods & Services Tax	0%
03	Goods & Services Tax	Goods & Services Tax	0%
04	Goods & Services Tax	Goods & Services Tax	0%
05	Goods & Services Tax	Goods & Services Tax	0%

Managing GST and taxation

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

CAP (GST on capital acquisitions)

If you're part of the Simplified Tax System, 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 most capital acquisitions (new equipment, furnishings or vehicles) separately on your Business Activity Statement. 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 or how to handle a particular asset purchase, ask your accountant.

FRE (GST-free goods and services)

For most medical practitioners, income from services provided is GST-free. However, even if you don't provide 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 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.

Managing GST and taxation

Deciding what codes to use when

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

Income

- Most medical practitioners select FRE as the tax code on their invoices, but watch out for the odd service that has GST as the tax code (for example, workers compensation services or consultations to veteran affairs patients).
- 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

- Most medical supplies, donations, most bank charges and interest expense.
- Government charges, including licence renewals, motor vehicle registration, council rates, water rates, land tax and stamp duty.
- Milk, tea and coffee.
- 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 capital acquisitions over \$1,000. If you're not registered for the Simplified Tax System, most 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

- 100% private-use expenses.
- Superannuation expense.
- Wages.

Managing GST and taxation

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 health practitioners 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, MYOB software will use N-T as the default tax code for all transactions.

Your patients 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, click **Print Invoices** or **Print Receipts**, pick your **Invoice Type** at the top and select your customised invoice format from the **Selected Form for Invoices** drop box. Click **Customise**.
2. Highlight the field called 'Invoice Type' and press Delete. This removes the words 'Tax Invoice' from the standard template.
3. Now click the text tool (the capital T) from the forms toolbar and then click on the invoice somewhere near the **Comment** field. A box called **Text Field** should appear.
4. Double-click this field 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, and if necessary, expand the size of the text field so that all the text fits in. Click **OK**.
5. Click **Save Form As** and enter 'Invoice' as the form **Description**. Then click **OK** to return to the **Print Invoices** or **Print Receipts** window.