
Accounts

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Chapter 1

Nominal Journal Entries Overview

In MYOB Accounting Plus, *Nominal Journal entries* are transactions you can use to track business activity that you wouldn't want to track with other kinds of transactions, such as sales or purchases. Usually, Nominal Journal entries are used for special situations only, such as when you need to record depreciation of your company's assets, or when you need to enter year-end adjustments to your financial records.

Transaction information from Nominal Journal entries are stored in the Nominal Journal, so your other business records, such as your sales figures, aren't directly affected by these transactions.

Creating Nominal Journal entries

When you open the Record Journal Entry window, the Nominal Journal number and transaction date will be filled in for you automatically. These entries—called *default entries* in Accounting Plus—can be changed if necessary, but in most instances, you'll probably want to keep the default entries.

Entering transactions in the 13th period

If you chose to use 13 accounting periods in your financial year, MYOB Accounting Plus still divides your financial year into 12 calendar months. The 13th period doesn't follow the 12 months chronologically; instead, you can use any date you want to enter transactions in the 13th period. To do so, however, you must enter transaction dates a little differently than you're accustomed to.

To enter a transaction for the 13th period, enter an asterisk (*) in the Date field before you enter the transaction's actual date. For example, if you want to place a transaction in the 13th period and want to indicate that the transaction was an adjustment for a transaction you originally entered on September 9, 2002, enter *9/9/02. (If you simply want to place a

transaction in the 13th period and the actual date doesn't matter, you can enter whatever date you want following the asterisk). Regardless of the date you enter after the asterisk, that month's accounting records won't be affected by the entry.

Transactions for the 13th period can be entered in the following windows:

Record Journal Entry

Spend Money

Receive Money

Prepare Bank Deposit

Bank Register (Spend Money and Receive Money transactions)

Transfer Stock

Count Stock

Identify the purpose of the transaction

The first step in the process of creating a Nominal Journal entry is to identify the purpose of the transaction by entering your comment in the Memo field. By doing this, you'll be able to find and comprehend the nature of the transaction much more easily in the future. Your comment should be short but detailed, so you can differentiate the transaction from other, similar transactions. For example, you might enter "Depreciation for July" or "Reversing entry for GJ000100."

If you use the Accounting Plus Multicurrency feature and you want this transaction to be in a currency other than your home currency, you'll click the Currency button, located to the right of the Memo field, to display the Exchange Rate window. If you click the arrow next to the Currency field, you can choose the currency you want from the list of currencies that appears. For more information, see "Multicurrency Overview" on page 770.

Enter debits and credits

The second step in the process of creating a Nominal Journal entry is to select the accounts that are affected by the transaction, and enter the amounts by which these accounts have been changed.

Each row of information you enter on a Nominal Journal entry is called a line item. You can enter as many line items for an entry as you want, but you must have at least two line items—a debit entry and a credit entry to offset it. When you've finished entering debits and credits for the Nominal Journal entry, the Out of Balance field should be blank. When it is, you're ready to record the transaction.

Assigning line items to jobs

You can assign line items of a Nominal Journal entry to jobs by entering a job number in the Job column. You can, if you wish, assign a line entry to more than one job. For example, assume you want to record the depreciation of your equipment, but you want to assign £100 of the depreciation to job 12 and £200 to job 43. In the first line item of the transaction, enter the account you use to track depreciation, £100 in the Credit field and 12 in the Job field. In the second line item of the transaction, enter the depreciation account again, £200 in the Credit field and 43 in the Job field.

See the following step-by-step procedure:

“Identify the purpose for the transaction” on page 76 (Step 1 of 3)

“Enter the debits and credits for the transaction” on page 76 (Step 2 of 3)

“Choose what you want to do with the transaction” on page 77 (Step 3 of 3)

“To assign a line item on a Record Journal entry to more than one job” on page 77

Recording depreciation

Your company's vehicles and equipment deteriorate and lose value each year. Part of the cost of vehicles and equipment can be allocated as an expense to your company each year you benefit from its use. The allocation of the cost of a piece of equipment over its useful life is called *depreciation*. While Accounting Plus doesn't calculate depreciation automatically, you can quickly record your depreciation figures using a Nominal Journal entry.

If, for example, you have two accounts, *Company Van*, numbered 1-4200, and *Computer Equipment*, numbered 1-4300. You'll create two new asset accounts, one called *Company Van–Accumulated Depreciation*, numbered 1-4201, and another called *Computer Equipment–Accumulated*

Depreciation, numbered 1-4301. You'll also create an expense account called *Depreciation Expense*. The asset accounts will always have a negative balance to show a reduction in the value of the depreciable assets.

There are several methods of depreciation, which can be used to lessen your company's tax liability. Consult your accountant to see whether you should be depreciating vehicles and equipment and, if you should, which method is best for you. Also, depreciation must be reported on a periodic basis. Many businesses depreciate assets on a monthly or quarterly basis; consult your accountant for advice about timing depreciation transactions for your company.

Since depreciation is reported on a periodic basis, you may want to create a recurring template for this purpose.

See the following step-by-step procedure:

“To record depreciation” on page 79

Using recurring Nominal Journal templates

If you plan to record the same Nominal Journal entry on a regular basis, you may want to consider creating a recurring Nominal Journal template. When you create a recurring Nominal Journal template, the transaction information is saved in a separate “holding area” where you can retrieve the transaction as many times as you want in the future. You can change the information on a recurring template as needed. Until you record them, recurring Nominal Journal templates have no effect on your financial records.

You can remove a recurring template whether your transactions are changeable or unchangeable. The transaction is removed from your list of recurring templates only. Any transactions you've already recorded using a recurring templates you remove won't be affected.

You can choose to record recurring Nominal Journal templates using the To Do List window; simply mark the Action column to indicate which templates you wish to record. Keep in mind that the transactions will be recorded automatically. If you need to review or change any parts of the transactions before they're recorded, click the zoom arrow to open the transaction in the Record Journal Entry window.

See the following step-by-step procedures:

“To create a recurring Nominal Journal template” on page 80

“To find a recurring Nominal Journal template” on page 83

“To display a list of recurring Nominal Journal templates (and record them, if you wish)” on page 83

“To change a recurring Nominal Journal template’s name and/or frequency” on page 85

“To change a recurring Nominal Journal template’s line items and additional information” on page 86

“To remove a recurring Nominal Journal template” on page 87

Finding, changing, removing and reversing Nominal Journal entries

After you record a Nominal Journal entry, you'll probably want to view the transaction again in the future, and there may be times when you need to change, remove and reverse a transaction you've entered into the Accounting Plus system.

If your company file is changeable, that is, if in the Security view of the Preferences window you *haven't* marked the selection, Transactions CAN'T be changed; They must be reversed, you are able to edit and remove transactions. When this is the case, you can quickly change and remove the effects of such a transaction from your records.

If your company file is unchangeable, that is, if in the Security view of the Preferences window you *have* marked the selection, Transactions CAN'T be changed; They must be reversed, you are able to reverse transactions. When this is the case, you can quickly remove the effects of the transaction from your records by *reversing* the transaction. Then, if you want, you can enter a new, correct transaction to replace the transaction you reversed. For more information see “What are changeable and unchangeable transactions?” on page 52. For more information about selecting Preferences, see “Customising your MYOB Accounting Plus system” on page 27.

See the following step-by-step procedure:

“To find a Nominal Journal entry” on page 82

“To change a Nominal Journal entry” on page 85

“To remove a Nominal Journal entry” on page 87

“To reverse a Nominal Journal entry” on page 89

Chapter 2

Creating Nominal Journal entries

Step 1: Identify the purpose for the transaction

If you haven't already read the Nominal Journal Entries Overview, see "Creating Nominal Journal entries" on page 70 for more information.

The Record Journal Entry window should be displayed.

1. To describe the transaction, enter a comment in the Memo field. Your comment should be short but detailed.
2. Click the VAT Inclusive check box if you want the line items you enter in this transaction to include VAT.
3. If you use the MYOB Accounting Plus Multicurrency feature and you want this transaction to be in a currency other than your home currency, click the Currency button and choose the currency you want from the list of currencies that appears.

Step 2: Enter the debits and credits for the transaction

If you haven't already read the Nominal Journal Entries Overview, see "Creating Nominal Journal entries" on page 70 and "Recording depreciation" on page 72 for more information.

1. In the scrolling list, enter an account that is affected by the transaction in the Acct No. column.

2. Enter the amount you want to debit or credit in the correct column.
3. If you want to assign this line item or any line item of the transaction to a specific job, enter the job number in the Job column.
4. Enter additional accounts and amounts until the debit and credit totals displayed beneath the scrolling list are equal and the Out of Balance field is blank.

See also:

“Multicurrency Overview” on page 770

► **To assign a line item on a Record Journal entry to more than one job**

If you haven’t already read the Nominal Journal Entries Overview, see “Assigning line items to jobs” on page 72 for more information.

The Record Journal Entry window should be displayed.

1. In the first line item of the transaction, enter the account that is affected by the transaction in the Acct No. column.
2. Enter the name that you want to assign to the transaction in the Name column.
3. Enter the portion of the transaction you want to assign to a particular job in the debit or credit column.
4. Enter the job number that you want to assign to this amount.
5. Repeat steps 1 and 5 until you have allocated the total amount of the transaction to the account and to each job.
6. Don’t forget to balance the transaction with the appropriate entries before you record the transaction; the Out of Balance field should be blank.

Step 3: Choose what you want to do with the transaction

If you haven’t already read the Nominal Journal Entries Overview, see “Creating Nominal Journal entries” on page 70 for more information.

▶ **To see how the transaction will affect your financial records**

The Record Journal Entry window should be displayed.

Choose Recap Transaction from the Edit menu.

▶ **To record the transaction**

The Record Journal Entry window should be displayed.

Click Record.

▶ **To store the transaction as a recurring Nominal Journal template**

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The Record Journal Entry window with the entries you want to store should be displayed.

1. Click the Save Recurring button to open the Save Recurring Template window.
2. Enter the necessary information about the transaction in this window.
3. Click Save Template to store the transaction as a recurring template and to close the Save Recurring Template window.
4. If you want to record the template as an actual Nominal Journal entry now, click the Record button in the Record Journal Entry window. If you don't want to record the transaction at this time, click the Cancel button.

See also:

"To record a recurring Nominal Journal entry" on page 80

Chapter 3

Recording depreciation

Recording depreciation

► To record depreciation

If you haven't already read the Nominal Journal Entries Overview, see "Recording depreciation" on page 72 for more information.

The Record Journal Entry window should be displayed.

1. Create one new asset account for each of the accounts you depreciate. Add the words "Accumulated Depreciation" at the end of each new account's name. Give the new accounts numbers that directly follow their corresponding asset accounts. See "Creating accounts" on page 101 for more information.
2. Next, create a new expense account called "Depreciation Expense."
3. Make Nominal Journal entries to credit the Accumulated Depreciation asset accounts and debit the Depreciation Expense account. The asset accounts will always have a negative balance to show a reduction in the value of the depreciable assets.

See also:

"To store the transaction as a recurring Nominal Journal template" on page 78

"Choose the type of account you want" on page 101

"Identify the purpose for the transaction" on page 76

"To create a recurring Nominal Journal template" on page 80

Chapter 4

Using recurring Nominal Journal templates

Creating recurring Nominal Journal templates

▶ To create a recurring Nominal Journal template

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The Record Journal Entry window with the entries you want to store should be displayed.

1. Click the Save Recurring button to open the Save Recurring Template window.
2. Enter the necessary information about the transaction in this window.
3. Click Record Template to close the Save Recurring Template window.
4. If you want to record the transaction as an actual Nominal Journal entry now, click the Record button in the Record Journal Entry window. If you don't want to record the transaction at this time, click the Cancel button.

Recording recurring Nominal Journal entries

▶ To record a recurring Nominal Journal entry

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The Record Journal Entry window should be displayed.

1. Click the Use Recurring button.
2. A window will appear, displaying all recurring templates you've set up. Double-click the template you want.
3. Review all the information that appears in the Record Journal Entry window to be sure it's correct. Make any changes that are necessary.
4. Click Record. The recurring Nominal Journal template will be recorded as an actual transaction, and will also remain available in the recurring template "holding area" for future use.

Chapter 5

Finding Nominal Journal entries

Finding Nominal Journal entries

▶ To find a Nominal Journal entry

If you haven't already read the Nominal Journal Entries Overview, see "Finding, changing, removing and reversing Nominal Journal entries" on page 74 for more information.

1. Click the Find Transactions option in the Accounts Command Centre to display the Find Transactions window. Select the Account tab if it isn't already selected.

Note: Finding a transaction in the 13th period

If you've entered a transaction into the 13th period by entering an asterisk (*) in the Date field before you entered the transaction, to find the transaction, place an asterisk before the date when you search for the transaction.

For example, if you're searching for a bank deposit using the Account view of the Find Transactions window, be sure to enter an asterisk before the date in the Dated From and To fields.

For more information about entering transactions in the 13th period, see "Entering transactions in the 13th period" on page 70.

2. You have two choices:
 - Use the Search By selection box to choose another way to search—All Accounts or Account.

- Click the Advanced button to search using additional criteria, such as the date, amount or memo.
3. The transactions recorded for the selected account(s) appear in the scrolling list in the Find Transactions window.
 4. The transaction you're looking for should appear in the scrolling list. If you want to view detail about the transaction, click the zoom arrow next to the transaction's ID number to open the window in which the transaction was originally entered.

Finding recurring Nominal Journal templates

► To find a recurring Nominal Journal template

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information

The Record Journal Entry window should be displayed.

1. Click the Use Recurring button.
2. A window will appear, displaying all recurring templates you've set up. Double-click the journal template you want; the recurring journal template will be displayed in the Record Journal Entry window.

► To display a list of recurring Nominal Journal templates (and record them, if you wish)

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The To Do List window should be displayed.

1. Click the Recurring Transactions tab in the To Do List window to display a list of all your recurring Nominal Journal entries, recurring cheques, recurring paycheques and recurring deposit templates.
2. If you want to view detail about a specific template, click the zoom arrow to the left of the template's name.

3. If you want to record one or several of the templates in the list, click the Action column for the templates you want to record.

Warning: Read this before you record recurring Nominal Journal templates using the To Do List

If you choose to record recurring Nominal Journal templates using the To Do List window, keep in mind that the transactions will be recorded automatically; you won't get a chance to review or change any of the transactions before they're recorded. If you're not sure you want to record a particular transaction, we suggest you use the Record Journal Entry window to manually enter the transaction so you have better control over the transaction than you would if you used the To Do List.

4. When you've marked the recurring Nominal Journal templates you want to record, click the Record button at the bottom of the To Do List window.

Chapter 6

Changing Nominal Journal entries

Changing Nominal Journal entries

▶ To change a Nominal Journal entry

If you haven't already read the Nominal Journal Entries Overview, see "Finding, changing, removing and reversing Nominal Journal entries" on page 74 for more information.

Use this procedure only if your transactions are *changeable*. See "What are changeable and unchangeable transactions?" on page 52 for more information.

The previously recorded Nominal Journal entry you want to change should be displayed. See "To find a Nominal Journal entry" on page 82 if you need help doing this.

1. To change the Nominal Journal entry, change the information in the Record Journal Entry window in the same way you normally enter information.
2. When you're finished, click Record.

See also:

"To find a Nominal Journal entry" on page 82

▶ To change a recurring Nominal Journal template's name and/or frequency

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The Record Journal Entry window should be displayed.

1. Click the Use Recurring button to open the Select a Recurring Template window.
2. Highlight the recurring Nominal Journal template you want to change and click Edit to open the Save Recurring Template window.
3. Make your changes in the Save Recurring Template window, then click Record.
4. In the Select a Recurring Template window, click OK.

► **To change a recurring Nominal Journal template's line items and additional information**

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information

1. Wait until the next time you need to record the Nominal Journal entry.
2. When you're ready to record the Nominal Journal entry, display it as you normally do in the Record Journal Entry window and make your changes.
3. When you're finished changing the Nominal Journal entry, click Record. Your changes will be reflected in the transaction the next time you display it in the Record Journal Entry window.

See also:

"To record a recurring Nominal Journal entry" on page 80

Chapter 7

Removing Nominal Journal entries

Removing Nominal Journal entries

► To remove a Nominal Journal entry

If you haven't already read the Nominal Journal Entries Overview, see "Finding, changing, removing and reversing Nominal Journal entries" on page 74 for more information.

Use this procedure only if your transactions are *changeable*. See "What are changeable and unchangeable transactions?" on page 52 for more information.

The previously recorded Nominal Journal entry you want to remove should be displayed in the Record Journal Entry window. If you need help doing this, see "To find a Nominal Journal entry" on page 82.

Choose Delete Nominal Journal Transaction from the Edit menu.

Removing recurring Nominal Journal templates

► To remove a recurring Nominal Journal template

If you haven't already read the Nominal Journal Entries Overview, see "Using recurring Nominal Journal templates" on page 73 for more information.

The Record Journal Entry window should be displayed

1. Click the Use Recurring button to open the Select a Recurring Template window.

2. Highlight the recurring Nominal Journal template you want to remove and click Delete.

Chapter 8

Reversing Nominal Journal entries

Reversing Nominal Journal entries

► To reverse a Nominal Journal entry

If you haven't already read the Nominal Journal Entries Overview, see "Finding, changing, removing and reversing Nominal Journal entries" on page 74 for more information.

Use this procedure only if your transactions are *unchangeable*. See "What are changeable and unchangeable transactions?" on page 52 for more information.

The Nominal Journal entry you want to reverse should be displayed in the Record Journal Entry window. If you need help doing this, see "To find a Nominal Journal entry" on page 82.

1. Choose Reverse Nominal Journal Transaction from the Edit menu. After a few moments, a new transaction, containing amounts exactly opposite of the amount in the Nominal Journal entry will be displayed in the Record Journal Entry window.

If you want, you can make a few changes to the new transaction such as the date and the memo, but you can't change the accounts and amounts that are associated with it.

If you're reversing a Nominal Journal entry from a previous accounting period, consider assigning a date from that period to the new transaction. This will allow your reports for that accounting period to reflect the proper amounts.

2. Click Record to record the reversed Nominal Journal entry. At this point, the Nominal Journal entry is reversed. All account balances have been returned to their previous levels.

Chapter 9

Accounts Overview

An *account* is a tool used to organise a business. Accounts keep track of the additions and subtractions that occur in regular business activity. Since accounts are the backbone of your MYOB Accounting Plus financial records, ensuring your accounts work the way you want them to should be one of your highest priorities.

Even if you're just starting to use Accounting Plus, you already have an accounts list to work with. An accounts list is merely a list of all the accounts that are used to track a business. Since you selected an accounts list when you created your company's company file using the New Company File Assistant, you already have an extensive set of accounts that you can use to track your business activity, and you may not need to create any more accounts. However, you can make changes to the accounts that were created for you using the New Company File Assistant, if you choose.

If you've recently upgraded your version of Accounting Plus, your accounts list will be the same as it was when you were using the previous version. However, depending upon your situation, you may want to review your accounts list to be sure you're using the accounts you want to use.

Account types

Every account in the MYOB Accounting Plus system must be assigned a type before it can be used to track your company's financial activity. You can choose from eight different account types: Asset, Liability, Income, Expense, Capital, Cost of Sales, Other Income and Other Expense. Each type serves a specific purpose.

If you're unsure about which type you should assign to a new account, you probably should consult your accountant, or an MYOB Certified Consultant. For more information about the Accounting Plus Certified Consultant program see <http://www.myob.co.uk/service/consultants/index.htm>.

See the following step-by-step procedure:

“Creating accounts” on page 101

Account levels

There are four different account levels to choose from in MYOB Accounting Plus:

Header Account (Non-Postable)

Detail Account (Postable)

Detail Bank Account (Postable)

Detail Credit Card Account (Postable)

Header Account (Non-Postable)

This level is intended to be used as a title of a group of accounts. If this selection is marked for an existing account, the account has already been designated as a header account.

Header accounts are used only for grouping accounts that have a similar purpose. Typically, header accounts have detail accounts “under” them; that is, detail accounts are assigned to specific header accounts. In the list on the left side of the accounts list window, header accounts appear in bold type, and the detail accounts appear below them in plain type at the next level.

Transaction amounts can't be assigned (posted) to header accounts -- only to detail accounts. You can, however, combine the amounts of all the detail accounts under a header account and display the total amount on reports. To do this, mark the selection in the Header Account view of the Edit Accounts window named When Reporting, Generate a Subtotal for This Section.

Header accounts aren't required in MYOB Accounting Plus, except for the eight Level 1 accounts. Header accounts you create must be either Level 2 or Level 3.

See the following step-by-step procedure:

“Enter basic information about the account” on page 101

Detail Account (Postable)

This level should be used if you intend to assign transactions to the account you're creating. If this selection is marked for an existing account, the account has already been designated as a detail account.

Each detail account is assigned to the header account that appears directly above it in the list on the left side of the Accounts List window. Detail accounts appear in plain type, and header accounts appear in bold type.

Transaction amounts can be assigned (posted) to detail accounts; that is, when you enter a transaction in MYOB Accounting Plus, you can enter a detail account. The amount of the transaction will then be included in the balance of the detail account.

If a detail account has bank privileges -- in other words, if the account is a "bank account" -- don't choose this selection. Instead, choose the Detail Chebank Account (Postable) selection. Detail accounts can be Level 2, Level 3 or Level 4.

If you're using Accounting Plus's Multicurrency feature (you marked the "I Deal in Multiple Currencies" option in the Preferences window) and you're creating an exchange account to track the effects of currency fluctuations on a foreign currency account, choose the Detail Account (Postable) option. Your exchange accounts **must** have the Detail account level.

See the following step-by-step procedure:

"Enter basic information about the account" on page 101

Detail Bank Account (Postable)

This level is available only if you're creating an asset account. Choose this selection if you intend to assign transactions to the account you're creating, and you want to spend money using the funds in this account. If this selection is marked for an existing account, the account has already been designated as a detail chebank account.

Accounts with bank appear in lists in transaction windows throughout the MYOB Accounting Plus system. Each time you spend money in Accounting Plus, you can select the bank account you want to use.

Each detail bank account is assigned to the header account that appears directly above it in the list on the left side of the Accounts List window. Detail bank accounts appear in plain type, and header accounts appear in bold type.

Transaction amounts can be assigned (posted) to detail accounts; that is, when you enter a transaction in Accounting Plus, you can enter a detail bank account. The amount of the transaction will then be included in the balance of the detail bank account. Detail accounts can be Level 2, Level 3 or Level 4.

Transaction numbers are entered in windows like the Spend Money window, where you write your Spend Money transactions. Each time you write a Spend Money transaction in Accounting Plus, the next transaction's number will increment by one. If you change the number when you create a transaction, the next transaction's number will increment by one from the number you entered.

See the following step-by-step procedure:

“Enter basic information about the account” on page 101

Detail Credit Card Account (Postable)

This level is available only if you're creating a liability account. Choose this selection if you intend to assign transactions to the account you're creating, and you want the account to reflect charges and payments made on a credit card. If this selection is marked for an existing account, the account has already been designated as a detail credit card account.

Accounts with credit card privileges appear in lists in transaction windows throughout the system.

Each detail credit card account is assigned to the header account that appears directly above it in the list on the left side of the Accounts List window. Detail credit card accounts appear in plain type, and header accounts appear in bold type.

Transaction amounts can be assigned (posted) to detail accounts; that is, when you enter a transaction in MYOB Accounting Plus, you can enter the detail credit card account. The amount of the transaction will then be included in the balance of the detail credit card account.

Detail accounts can be Level 2, Level 3 or Level 4. Once you've selected the account level, enter a number and name for your new account, along with its opening balance.

See the following step-by-step procedure:

“Enter basic information about the account” on page 101

Creating accounts

When you're creating accounts in MYOB Accounting Plus, there are several points to consider:

Linked accounts

Every transaction you enter into the MYOB Accounting Plus system must be assigned to one or more specific accounts. To reduce your data entry time and the possibility of mistaken assignments, Accounting Plus was designed to automatically assign your transactions to the proper accounts at the time you record the transactions. These accounts are called *linked accounts*.

When you used the New Company File Assistant to create your company's company file, specific linked accounts were set up automatically for you. For example, an asset account was assigned to track all sales that result in money owed to you. Whenever you enter a sales transaction that's not fully paid at the time of the sale, the amount you're owed will automatically be added to that particular account's balance. This allows you to avoid the effort of selecting the correct account every time you enter a sale.

As mentioned earlier, your Accounting Plus linked accounts are automatically set up for you when you create your company file. However, you might want to use different accounts to track your transaction activity. For more information about linked accounts and how to change them, see "Using Linked Accounts Overview" on page 115.

See the following step-by-step procedure:

"Link the account to a transaction type (optional; detail accounts only)" on page 104

Account names and numbers

As part of entering basic information about accounts, you'll enter an account number and an account name for each of your accounts.

If you find it easier to recognise your accounts by their names rather than by their numbers, you can set up Accounting Plus so that you can enter accounts and sort your account search lists alphabetically by the accounts' names instead of by the accounts' numbers. If you've marked the preference Use Easy-Fill When Selecting From a List, type the first few characters of the account name and the account will automatically fill in.

To use this option, open the Windows view of the Preferences window, then mark the box labeled “Select and Display Account Name, Not Account Number.” The next time you open a window to enter an account, accounts will be displayed according to your preference.

If you'd like to know the account name or account number for any of your accounts, you can click the search arrow next to the account field. The Select from List will appear displaying your list of accounts.

See the following step-by-step procedure:

“Enter basic information about the account” on page 101

Opening balances

If your accounts had balances before you began using MYOB Accounting Plus, you need to assign those balances to your accounts before you can accurately track your business using Accounting Plus. The balances you assign to your accounts when you begin using the system are called *opening balances*.

To properly assign opening balances to accounts, you need to enter the balance of each of your accounts as of the first day of your *conversion month* -- the month you began using Accounting Plus to track your business.

You can determine your accounts' opening balances from reports you may have recently created. If you have a trial balance report for the month prior to your conversion month, each account's ending balance for that month is the opening balance you should enter into Accounting Plus.

If you have a current balance sheet, you can use the total amounts on that report for the opening balances of your asset, liability and capital accounts.

If you have a current income statement, you can use the total amounts on that report for the opening balances of your income, cost of sales and expense accounts.

You can track your business's financial progress by using a monthly budget for each of your detail accounts, including detail chebank and detail credit card accounts. You can also set up budget shortcuts for an account so each month incorporates a regular increase in budget amounts. Accounting Plus begins with the January budgeted amount and increases it by the amount or percentage you specify for each consecutive month.

See the following step-by-step procedure:

“Enter your detail accounts’ opening balances” on page 105

VAT codes

You can assign a VAT code to an account. This VAT code will become the default VAT code for *non-item* sales invoices, *non-item* purchase orders, cheques and deposits.

The default VAT code for *item* sale invoices and *item* purchase orders can be changed in the Selling Details and Buying Details views of the Item Information window. If you wish, you can override the default VAT code in both item and non-item sales and purchases and assign a customer or supplier’s VAT code as a default by marking the Use Customer’s/Supplier’s VAT Code in the Selling Details and Buying Details views of the Card Information window.

See the following step-by-step procedure:

“Enter basic information about the account” on page 101

Budgets

You can track your business’s financial progress by using a monthly budget for each of your detail accounts, including detail chebank and detail credit card accounts. You can also set up budget shortcuts for an account so each month incorporates a regular increase in budget amounts. MYOB Accounting Plus begins with the January budgeted amount and increases it by the amount or percentage you specify for each consecutive month.

See the following step-by-step procedure:

“Enter budgets for the account (optional; detail accounts only)” on page 102

Multicurrency

If you’re using the Multicurrency feature, your accounts list includes a number of exchange accounts to track the effects that changes in the exchange rate have on your foreign currency accounts. If the foreign currency account associated with an exchange account has an opening balance, then the exchange account should also have an opening balance. See “Multicurrency Overview” on page 770 for more information.

See the following step-by-step procedure:

“Choose a currency for the account (if you’re using Multicurrency)” on page 102

Historical balances

An account’s *historical balances* are the month-end balances for the account for the month before you began using MYOB Accounting Plus to track your business. You’re not required to enter historical balances for any of your accounts in Accounting Plus, but you might find this information useful if you want to compare the current year’s account balances with last year’s.

See the following step-by-step procedure:

“Enter your detail accounts’ historical balances (optional)” on page 107

Changing, removing or inactivating accounts

Accounts can be easily changed, removed or inactivated. In particular, you can change an account's assigned level, which indicates its location in your accounts' list hierarchy. The eight section header accounts -- Asset, Liability, Income, Expense, Capital, Cost of Sales, Other Income and Other Expense -- are the only accounts that can be Level 1 accounts. All other header accounts can be assigned Levels 2 and 3. Detail accounts can be Level 2, 3 or 4.

In many cases, you can change an account's level quickly. You can even change header accounts -- except for the eight account categories -- to detail accounts. However, keep in mind that any changes you make to a header account will affect the detail accounts that were assigned to it.

You can also easily inactivate accounts that you no longer use. Your list of accounts will be shorter, and selecting the correct account will be easier. If an account is marked inactive, however, you still can use the account in transactions by manually entering the account. Inactive accounts will still appear in the Accounts List window. You can also return the status of the account to active so that it will appear again in the selection windows. No matter what the status of an account -- active or inactive, transactions recorded using the account will still affect all of your financial records.

Two reports, *Accounts List (Summary)* and *Accounts List (Detail)*, will be displayed and will print account information with or without inactive accounts. Use the Report Customisation window to unmark or mark the Include Inactive Accounts selection.

You can remove an account from the MYOB Accounting Plus system if the account fits the following criteria:

- The account isn't a Level 1 account.
- The account has a zero balance.
- No journal entries are assigned to the account.
- None of your recurring templates use the account.
- The account isn't linked to any transaction types.
- The account isn't linked to any of the items you've entered in the Item Information window.

See the following step-by-step procedures:

“To change an account’s basic information” on page 110

“To change a linked account” on page 110

“To change an account’s level” on page 111

“To inactivate (or reactivate) an account” on page 113

“To remove an account” on page 113

Chapter 10

Creating accounts

Step 1: Choose the type of account you want

If you haven't already read the Accounts Overview, see "Account types" on page 91 for more information.

The Accounts List window should be displayed.

1. Click a tab at the top of the Accounts List window to choose the account type you want. These specific accounts *must* be assigned the following account types:
 - Your company's bank accounts must be asset accounts.
 - If you plan to track credit card purchases using a specific MYOB Accounting Plus account, the credit card accounts must be liability accounts.
 - If you plan to use an undeposited funds account to store all your daily receipts so that you can enter a single deposit at your bank, the undeposited funds account must be an asset account.
2. When you've selected a tab, click the New button at the bottom of the window to open the Edit Accounts window.

Step 2: Enter basic information about the account

If you haven't already read the Accounts Overview, see "Creating accounts" on page 95 for more information.

1. Mark the Header, Detail or Detail Chebank field to choose a level for the account.
2. Enter a number and name for the account.

3. Enter a VAT code for the account in the VAT Code field or click on the Search icon and choose a valid VAT code from the displayed list. This is a mandatory field.

You can assign a VAT code to an account. The VAT code you assign will be entered automatically in Spend Money and Receive Money transactions and in non-item sales and non-item purchases allocated to this account.

Step 3: Choose a currency for the account (if you're using Multicurrency)

If you haven't already read the Accounts Overview, see "Multicurrency" on page 97 for more information.

1. Click the arrow next to the Currency field to display a list of the currencies you've set up.
2. Highlight the currency you want and click the Use Currency button.
3. If you choose a currency other than your local currency, a message will appear, informing you that an exchange account is needed for the account. Click OK if you want MYOB Accounting Plus to create an exchange account for you automatically.
4. If you choose to create an exchange account automatically, be sure to enter an opening balance for the account. See "Enter your detail accounts' opening balances" on page 105 for more information.

Step 4: Enter budgets for the account (optional; detail accounts only)

If you haven't already read the Accounts Overview, see "Budgets" on page 97 for more information.

You can choose from two ways of entering budgets for your accounts:

- You can manually make entries in the Budget column. Use the procedure titled "To manually enter budgets for an account" on page 103.
- You can use budget shortcuts to make an automatic monthly increase in the account's budget. Use the procedure titled "To use budget shortcuts to enter an account's budget" on page 103

► To manually enter budgets for an account

Note: The 13th period can't be budgeted

If your financial year is set up to use 13 periods, you can't assign a budget to the 13th period. That period is meant to be used for adjusting entries only.

The account you want to update should be displayed in the History and Budgets window.

1. In the Budget column, enter the amount of expected activity for the account. Keep in mind that you should enter the expected activity for the account, *not* the expected balance of the account at the end of each month. For example, if your March budget for an account is £10,000 and your April budget is £10,500, enter £500, *not* £10,500, in the Budget column for April.

Idea: Remember how positive and negative numbers affect accounts

Be sure you properly indicate whether the amounts in the Budget column should be positive or negative. "Positive" and "negative" may appear to mean the opposite of what you expect; for example, if you enter £100 for an expense account, you indicate that the account will *cost* you £100 for the month.

2. Click OK when you're satisfied with your entries in the History and Budgets window.

► To use budget shortcuts to enter an account's budget

The Budget Shortcuts window should be displayed.

1. Enter a budget amount and a frequency, and then enter a monthly dollar increase or monthly percentage increase.

2. When you're satisfied with your entries in the Budget Shortcuts window, click OK. The History and Budgets window will appear again, displaying the monthly budgets that were calculated in the Budgets column.
3. Click OK in the History and Budgets window when you're satisfied with the budgets that appear in the window.

Step 5: Link the account to a transaction type (optional; detail accounts only)

If you haven't already read the Accounts Overview, see "Using Linked Accounts Overview" on page 115 for more information.

Warning: Be *very* careful with linked accounts!

Your financial records rely greatly upon the balances of your linked accounts, since those accounts track the majority of your business activity. In most cases, the linked accounts that were set up for you when you created your company file will serve the needs of your business. Change your linked accounts only if you're certain that the change is appropriate.

If you're not sure whether you should change your linked accounts, we suggest you consult your accountant or a certified consultant. For more information about the MYOB Certified Consultant program see <http://www.myob.co.uk/service/consultants/index.htm> .

1. Choose Linked Accounts from the Setup menu, then choose the appropriate category (Nominal Ledger, Sales Ledger, Purchase Ledger, Payroll) to which the transaction type belongs. The Linked Accounts window for that category will appear.
2. Locate the transaction type in the window, and then enter the account in the field next to the transaction type.
3. Click OK.

Step 6: Enter your detail accounts' opening balances

If you haven't already read the Accounts Overview, see "Opening balances" on page 96 for more information.

Idea: Enter all your accounts before proceeding

At this point, you've created a single account. If you plan to add many accounts to the MYOB Accounting Plus system -- for example, if you're setting up your company for the first time -- we suggest that you perform the following steps again for each account that you plan to set up:

"Choose the type of account you want" on page 101
 "Enter basic information about the account" on page 101

"Choose a currency for the account (if you're using Multicurrency)" on page 102

"Enter budgets for the account (optional; detail accounts only)" on page 102

Then, when you're finished entering all your accounts, continue with these next two steps.

The Account Opening Balances window should be displayed.

1. If your conversion month is the first month of your financial year, enter the opening balances of your asset, liability and capital accounts only. (The opening balances of all your income, cost of sales and expense accounts should remain zero.)

If your conversion month is *not* the first month of your financial year, enter the opening balances of *all* your accounts.

You should almost always enter opening balances as positive numbers. Don't, for example, enter your liability accounts' balances as negative numbers. Accounting Plus knows whether your accounts usually have positive or negative balances. Enter negative amounts only if accounts

have negative balances.

Note: Important information about a few specific accounts

Some of the accounts in your accounts list require some “special treatment” when you’re entering opening balances. Please read the following information carefully.

Current Year Earnings One of your most vital accounts is the capital account called Current Year Earnings. The balance of this account is incremented automatically during the course of your normal Accounting Plus business activity. Although this account doesn’t appear in the Account Opening Balances window, don’t worry -- it does exist! Since Accounting Plus calculates the balance of this account automatically, you **can’t** enter an opening balance for it.

If your conversion month is the first month of your financial year, the opening balance of your Current Year Earnings account will be zero. This indicates that your company hasn’t acquired any income in the current year because the year has just begun.

Retained Earnings If you’ve just begun using Accounting Plus, enter your company’s entire previous year’s earnings as the opening balance of your Retained Earnings account.

Main stock asset account If you plan to use Accounting Plus’s stock features, **don’t** enter an opening balance for the account you intend to use to track the value of your company’s stock items. You’ll enter this account’s opening balance when you set up your items. See “Creating items” on page 485 to learn how to set up your company’s items.

2. Check the field at the bottom of the window that’s labeled “Amount left to be allocated:”
 - If this field displays £0.00, the total of the opening balances you

assigned to your asset accounts equals the total opening balances of your liability and capital accounts.

- If you didn't enter an opening balance for your main stock asset account in the last step, the amount displayed in the "Amount left to be allocated" field won't be zero -- the amount displayed will equal your opening balance amount for stock.
 - If the "Amount left to be allocated" field displays an amount other than £0.00 and you aren't tracking stock costs, you should review the opening balances you've entered to be completely sure you've entered the exact amounts. (To keep accurate financial records, it's important that the total of your asset accounts' opening balances equals the total of your liability and capital accounts' opening balances.)
 - If the "Amount left to be allocated" field still doesn't display £0.00 after you've rechecked your opening balances, click the OK button. The amount that appeared in the "Amount left to be allocated" field will be assigned to a special capital account called Historical Balancing.
3. If you use Multicurrency, enter an opening balance for each foreign currency account. A message will appear asking if you want Accounting Plus to automatically calculate and enter the opening balance of the exchange account.
 4. Click Calculate Now if you want Accounting Plus to automatically calculate and enter the opening balance of the exchange account.
 5. Verify the information in this window, including the current exchange rate.
 6. Click OK.
 7. If you click Cancel, no opening balance will be entered for the exchange account. If you wish, you can manually calculate and enter the opening balance of the exchange account. See "Multicurrency Overview" on page 770 for more information.

Step 7: Enter your detail accounts' historical balances (optional)

If you haven't already read the Accounts Overview, see "Historical balances" on page 98 for more information.

The Account Historical Balances window should be displayed.

1. For your asset, liability and capital accounts (also known as “balance sheet accounts”), click the Balance Sheet selection at the top of the window, then enter the *ending balances* for each account for the selected month.

Exception: Your Current Year Earnings account

The balance of the capital account called Current Year Earnings is incremented automatically during the course of your normal MYOB Accounting Plus business activity. As a result, you can't enter an historical balance for the Current Year Earnings account.

2. For income, cost of sales and expense accounts (also known as “profit and loss accounts” or “P&L accounts”), click the P&L selection at the top of the window, then enter the *net activity* for each account for the selected month.

Warning: Historical balances affect the P&L accounts' opening balances displayed in this window

When you enter historical balances for income, cost of sales, or expense accounts, keep in mind that Accounting Plus will change the opening balances that's displayed in the Account Historical Balances window for those accounts to reflect the historical entries you make.

If, for example, your financial year runs from January to December and your conversion month is July, you should have entered opening balances for your income, cost of sales and expense accounts that indicated those accounts' net activity for January through June. Accounting Plus, however, considers the opening balances as *June's* historical balance, not the entire January-through-June time period. If you now enter historical balances for January through May, those balances will be subtracted from the June activity figure.

3. You can enter historical amounts for all months that preceded your conversion month, except for the month that immediately preceded your conversion month.

There is one exception to this rule, however: If your conversion month occurred at the beginning of a new financial year, you can enter historical amounts for your income, cost of sales and expense accounts for the month preceding your conversion month.

4. Click OK.

Chapter 11

Changing accounts

Changing basic account information

▶ To change an account's basic information

If you haven't already read the Accounts Overview, see "Changing, removing or inactivating accounts" on page 99 for more information.

Warning: Other accounts may be affected

When you change an account's number, the accounts in your accounts list will be reorganised to reflect the change. For example, if you change the number of a header account so it's no longer associated with its detail accounts, the detail accounts will be automatically moved up one account level.

The Accounts List window should be displayed.

1. Highlight the account you want to change in the Accounts List window, then click the Edit button to open the Edit Accounts window.
2. Make the changes you need to make. You can change the account's number, name and opening balance.
3. Click OK.

Changing linked accounts

▶ To change a linked account

If you haven't already read the Accounts Overview, see "Using Linked Accounts Overview" on page 115 for more information.

See the following step-by-step procedure:

“To change Nominal Ledger and Chequebook linked accounts” on page 124

“To change Sales linked accounts” on page 125

“To change Purchases linked accounts” on page 126

“To change the default Payroll linked accounts” on page 126

“To change the Wages Expense linked account for individual wages” on page 127

“To change the Payable linked account for individual deductions” on page 128

“To change the Expense and Payable linked accounts for individual employer expenses” on page 128

“To change the Payable linked account for individual payroll taxes” on page 129

Changing account levels

► To change an account’s level

If you haven’t already read the Accounts Overview, see “Changing, removing or inactivating accounts” on page 99 for more information.

Note: Some accounts’ levels can’t be changed

A detail account with transactions assigned to it can’t be changed to a header account.

The Accounts List window should be displayed.

1. Highlight the account you want to change in the Accounts List window.
2. Click the Up or Down button at the bottom of the window to change the account up or down one level.

Chapter 12

Removing or inactivating accounts

Inactivating (or reactivating) accounts

► To inactivate (or reactivate) an account

If you haven't already read the Accounts Overview, see "Changing, removing or inactivating accounts" on page 99 for more information.

The Accounts List window should be displayed.

1. Highlight the account you want to inactivate (reactivate) in the Accounts List window, then click the Edit button to open the Edit Accounts window.
2. Mark the Inactive Account check box. (To return the account to active status, simply remove the mark.)
3. Click OK.

Removing accounts

► To remove an account

If you haven't already read the Accounts Overview, see "Changing, removing or inactivating accounts" on page 99 for more information.

We recommend that you make a backup copy of your company file before starting this procedure.

The account you want to delete should be displayed in the Edit Accounts window.

1. Make a backup of your company file.

2. Choose Delete Account from the Edit menu to remove the account.

Chapter 22

Using Linked Accounts Overview

In MYOB Accounting Plus, most of the actual accounting entries -- the debits and credits that show up in the Transaction Journal window and elsewhere -- are hidden from view. This speeds transaction entry and makes it easier for users to make the most of their MYOB software even if they don't have much accounting experience. Linked accounts make this possible.

When you created your company file, linked accounts were set up for you automatically. If you set up your company's information using the Easy Setup Assistant, you were asked to review the selections that were made for you, to be sure they're the best choices for your business.

When you create a newdetail account, you can set up the linked account as part of the process. "Link the account to a transaction type (optional; detail accounts only)" on page 104 is Step 5 of Creating accounts.

You can change your linked accounts at any time; any changes you make will be reflected in the transactions you create after that point. Any transactions you created earlier won't be affected in any way, however.

Why linked accounts?

Double-entry accounting, the standard accounting method used by MYOB products and the accounting profession, requires that every transaction have two or more debit and credit entries that balance; that is, the debit amounts and credit amounts must equal zero. There's nothing magical about these debit and credit entries, but many people find them cumbersome to make, and they can be error prone.

By setting up linked accounts before you enter your first transactions, you reduce the number of entries you have to make, and there are fewer opportunities for typos and other errors that would have to be corrected in order to complete a transaction.

Linked accounts are required, and they should seldom need to be changed once you've chosen the accounts that are right for your business. In fact, if you change your linked accounts frequently, you may find it's more difficult to gauge the state of your business, since transaction information will be spread across a number of accounts.

Using the Easy Setup Assistant, you can change most of the linked accounts for the Accounts, Sales, Payroll and Purchases command centres.

In addition, you can change the linked accounts that will be used to track individual payroll categories using the Wages Information window, the Deduction Information window, the Employer Expense Information window and the Tax Table Information window. For a step-by-step procedure see "To change a linked account" on page 110.

See a category below to learn the linked accounts associated with the category and where the linked accounts will be used:

"Nominal Ledger & Chequebook linked accounts" on page 116

"Accounts Receivable linked accounts" on page 118

"Accounts Payable linked accounts" on page 120

"Payroll linked accounts" on page 122

Nominal Ledger & Chequebook linked accounts

Here is a list of the linked accounts that are associated with Nominal Ledger and Chequebook accounts, along with information about where the linked accounts will be used:

- Capital Account for Current Earnings

This account is used to calculate your profit (or loss) for the year to date. This information is used to print the Balance Sheet and other important reports. It cannot be changed; this is to prevent errors and to ensure accurate financial reports.

- Capital Account for Retained Earnings

This account is used to calculate your profit (or loss) for the year during the year-end closing process. This information is used to print the Balance Sheet and other important reports. It cannot be changed; this is to prevent errors and to ensure accurate financial reports.

- Capital Account for Historical Balancing

This account is used when you first set up your MYOB software. As mentioned earlier, the principles of double-entry accounting require that all your transactions are balanced -- that all your debits equal all your credits. If you're switching to Accounting Plus from a manual accounting system, it's possible that minor errors might have occurred; this account collects any out-of-balance amount for your opening entries and enables you to continue using Accounting Plus even if the entries in your previous accounting system didn't balance perfectly.

- Bank Account for Undeposited Funds

This account is used to track funds you've received but haven't deposited into a chebank account yet. When you make an entry in the Receive Money window, the Receive Payments window or the Sales window, you can indicate that you want the amount to be grouped with your undeposited funds; if you do this, those funds will appear in this account until you deposit them in a chebank account using the Prepare Bank Deposit window.

- Account for Currency Gains/Losses

This account is used only for multicurrency transactions. Fluctuating exchange rates can cause you to lose or gain money on individual transactions. For example, if you sell goods to a Japanese firm and you conducted the transaction in Japanese yen, any changes to the value of the yen will affect the overall profitability of the transaction. If the yen rises between the time the sale is made and the time payment is received, you'll make money as a result of the currency gain. If the yen loses value over that time period, you'll lose money -- a currency loss. The linked account for currency gain/loss keeps track of these amounts so you don't have to.

See the following step-by-step procedure:

"To change Nominal Ledger and Chequebook linked accounts" on page 124

Accounts Receivable linked accounts

Here is a list of the linked accounts that are used for sales transactions, along with information about where the linked accounts will be used:

- Asset Account for Tracking Receivables

The amounts your customers owe your business for purchases they've made on account are considered assets. This account summarises all the money owed to you by your customers; it appears on your balance sheet and other financial reports. This account will be debited (increased) whenever you enter sales on account using the Sales window. This account will be credited (decreased) whenever you enter payments from customers using the Receive Payments window.

- Chebank Account for Customer Receipts

This account is used to track the amounts paid to you by your customers. Depending upon your choices in the Preferences window, this account may appear as a default entry for the transactions you enter in the Receive Payments window. If you like, you can choose another chebank account, or you can indicate that the funds aren't ready to be deposited yet. When you enter a payment from a customer, this account (or the chebank account you select instead of it) will be debited by the amount of the transaction, and your linked Asset Account for Tracking Receivables will be credited. In effect, the chebank account will be increased and the accounts receivable account will be decreased.

The account you select here must have been assigned chebank or credit card privileges in the Edit Accounts window.

- Income Account for Freight

This account is used to track the freight amounts you enter for the sales you make using the Sales window. This account enables you to see how much of your gross sales amount is actually goods or services, and how much is payment for delivery. This account appears on the Trial Balance, the Profit and Loss Statement and other reports.

This account is used only if you marked the "I collect freight on sales" option in the Easy Setup Assistant or the Accounts Receivable Linked Accounts window. If you don't deliver goods to your customers, you can skip this account.

- Liability Account for Customer Deposits

This account is used to track the amounts customers pay in advance for orders entered in the Sales window. The amount is considered a liability for your company until the sale actually is made, because all or a portion of the deposit will have to be repaid to the customer if the sale isn't made. This account appears on the Trial Balance, the Profit and Loss Statement and other reports.

This account is used only if you marked the "I track deposits collected from customers" option in the Easy Setup Assistant or the Accounts Receivable Linked Accounts window. If you don't take deposits from your customers, you can skip this account.

- Expense or Cost of Sales Account for Discounts

This account is used to track the discounts taken by customers for early payment, based on the credit terms you've assigned to them. When you enter payments using the Receive Payments window, the discount amount the customer is eligible for appears as a default entry, but you can enter a larger or smaller amount, if necessary. The actual discount amount you enter will be tracked using the Expense or Cost of Sales Account for Discounts.

This account is used only if you marked the "I give discounts for early payments" option in the Easy Setup Assistant or the Accounts Receivable Linked Accounts window. If you don't offer early-payment discounts to your customers, you can skip this account.

- Income Account for Late Charges

This account is used to track the fees you collect when a customer's payment is past due, or if you offer revolving credit and charge a finance fee on unpaid balances. This account is updated when you enter an amount in the Finance Charge field in the Receive Payments window.

This account is used only if you marked the "I assess charges for late payment" option in the Easy Setup Assistant or the Accounts Receivable Linked Accounts window. If you don't collect late fees or finance charges from your customers, you can skip this account.

See the following step-by-step procedure:

"To change Sales linked accounts" on page 125

Accounts Payable linked accounts

Here is a list of the linked accounts that are used for purchase transactions, along with information about where the linked accounts will be used:

- Liability Account for Tracking Payables

The amounts your company owes its suppliers for purchases you've made on account are considered liabilities. This account summarises all the money owed to your suppliers; it appears on your balance sheet and other financial reports. This account will be credited (increased) whenever you enter purchases on account using the Purchases window. This account will be debited (decreased) whenever you enter a payment for a supplier using the Pay Bills window.

- Chebank Account for Paying Bills

This account is used to track the amounts you pay to your suppliers. This account appears as a default entry for the transactions you enter in the Pay Bills window, but you can choose another chebank account. When you enter a bill payment, this account (or the chebank account you select instead of it) will be credited by the amount of the transaction, and your linked Liability Account for Tracking Payables will be debited. In effect, both the chebank account and the accounts payable account will be decreased.

The account you select here must have been assigned chebank or credit card privileges in the Edit Accounts window.

- Expense or Cost of Sales Account for Freight

This account is used to track the freight amounts you enter for the purchases you make using the Purchases window. This account enables you to see how much of your gross purchases amount is actually goods or services, and how much is payment for delivery. This account appears on the Trial Balance, the Profit and Loss Statement and other reports.

This account is used only if you marked the "I pay freight on purchases" option in the Easy Setup Assistant or the Accounts Payable Linked Accounts window. If your suppliers don't deliver goods to your company, you can skip this account.

- Asset Account for Supplier Deposits

This account is used to track the amounts you pay in advance for orders entered in the Purchases window. The amount is considered an asset for your company until the purchase actually is made, because all or a portion of the deposit will have to be returned to you if the purchase isn't made. This account appears on the Trial Balance, the Profit and Loss Statement and other reports.

This account is used only if you marked the "I track deposits paid to suppliers" option in the Easy Setup Assistant or the Accounts Payable Linked Accounts window. If you never make deposits on purchase orders, you can skip this account.

- Expense (or Contra) Account for Discounts

This account is used to track the discounts you take for early payment, based on the credit terms your suppliers have extended to you. When you enter payments using the Pay Bills window, the discount amount you're eligible for appears as a default entry, but you can enter a larger or smaller amount, if necessary. The actual discount amount you enter will be tracked using the linked Expense (or Contra) Account for Discounts.

This account is used only if you marked the "I take discounts for early payments" option in the Easy Setup Assistant or the Accounts Payable Linked Accounts window. If you don't take early-payment discounts to your customers, you can skip this account.

- Expense Account for Late Charges

This account is used to track the fees you pay when a bill payment is past due, or if you are charged a finance fee on unpaid balances. This account is updated when you enter an amount in the Finance Charge field in the Pay Bills window.

This account is used only if you marked the "I pay charges for late payment" option in the Easy Setup Assistant or the Accounts Payable Linked Accounts window. If you aren't required to pay late charges, you can skip this account.

See the following step-by-step procedure:

"To change Purchases linked accounts" on page 126

"To change the Payable linked account for individual payroll taxes" on page 129

Payroll linked accounts

Here is a list of the linked accounts that are used for payroll transactions, along with information about where the linked accounts will be used:

- Payroll Chebank Account

This account is used to track the amounts you pay employees. This account appears as a default entry for the transactions you enter in the Pay Employees window, but you can choose another chebank account. When you create a cheque, this account (or the chebank account you select instead of it) will be credited by the amount of the transaction, and your linked Wages Expense Account (or the Wages Expense account assigned to the employee, if you've assigned another account to the person) will be debited. In effect, the chebank account will be decreased and the wages expense account will be increased. (Depending upon the taxes and other payroll categories assigned to an employee, additional debit and credit entries will be made, as well.)

The account you select here must have been assigned chebank or credit card privileges in the Edit Accounts window.

- Default Employer Expense Account

This account is used to track the expenses you pay on behalf of your employees. The account you enter here will appear as a default entry for new employer expense records, but you can change the account using the Employer Expense Information window if you like.

Whenever an employer expense using this linked account is included on an employee's cheque, this account will be debited and the linked Withholding Payable Account assigned to the employer expense will be credited.

The account you select here must have been assigned chebank privileges in the Edit Accounts window.

- Default Wages Expense Account

This account is used to track the wages you pay to your employees. The account you enter here will appear as a default entry for new employee records, but you can change the account for individual employees using the Employee Payroll Information window if you like. You might use separate wage expense accounts for people in different departments, for example, or employees in different locations.

Whenever a wage using this linked account is included on an employee's cheque, this account will be debited and the chebank account selected for the cheque will be credited. (Depending upon the taxes and other payroll categories assigned to an employee, additional debit and credit entries will be made, as well.)

- **Default Withholding Payable Account**

This account is used to track the liabilities your company incurs for employee deductions and employer expenses. The account you enter here will appear as a default entry for new deduction and expense records. You can change the account for individual deductions using the Deduction Information window, if you like; you can select a different account for expenses using the Employer Expense Information window.

Whenever a deduction or expense using this linked account is included on an employee's cheque, this account will be credited and the expense account assigned to the deduction or expense will be debited.

See the following step-by-step procedure:

“To change the default Payroll linked accounts” on page 126

“To change the Wages Expense linked account for individual wages” on page 127

“To change the Payable linked account for individual deductions” on page 128

“To change the Expense and Payable linked accounts for individual employer expenses” on page 128

“To change the Payable linked account for individual payroll taxes” on page 129

Chapter 23

Changing your linked accounts

Changing your Nominal Ledger & Chequebook linked accounts

▶ To change Nominal Ledger and Chequebook linked accounts

If you haven't already read the Accounts Overview, see "Nominal Ledger & Chequebook linked accounts" on page 116 for more information

Use the General Ledger & Chequebook Linked Accounts window to change your Nominal Ledger and Chequebook linked accounts.

1. From the Setup menu, choose Linked Accounts; from the submenu that appears, choose Nominal Ledger Accounts.
2. The General Ledger & Chequebook Linked Accounts window appears. Review the accounts that were selected for you (or that you previously selected), and make any changes that are needed.

An entry is required for each field in the window; if you wish to unlink an account, you must enter another account to replace it. If you're unsure of the account you want to use, click the search arrow. A selection window listing all your accounts will appear, and you can select the account you want to use.

3. Click OK.

Changing your Sales linked accounts

► To change Sales linked accounts

If you haven't already read the Accounts Overview, see "Accounts Receivable linked accounts" on page 118 for more information

Use the Accounts Receivable Linked Accounts window to change your Sales linked accounts.

Note: If you want to change your undeposited funds account

Although you can use Sales Command Centre windows to record undeposited customer receipts, the linked account for undeposited funds actually is displayed in the General Ledger & Chequebook Linked Accounts. If you want to change the account used to track undeposited funds, please use "To change Nominal Ledger and Chequebook linked accounts" on page 124 to do so.

1. From the Setup menu, choose Linked Accounts; from the submenu that appears, choose Receivable Accounts.
2. The Accounts Receivable Linked Accounts window appears. Review the accounts that were selected for you (or that you previously selected), and make any changes that are needed.

An entry is required for the Asset Account for Tracking Receivables and the Chebank Account for Customer Receipts; if you wish to unlink one of these accounts, you must enter another account to replace it.

If you never charge freight, receive customer deposits, give discounts or assess late charges, you can unmark these options. You may be required to enter a linked account in the future if you record a transaction that contains these amounts, however. Even if you don't plan to use these linked accounts, you may find it most convenient to leave the default selections that were provided for you.

If you're unsure of the account you want to use, click the search arrow. A selection window listing all your accounts will appear, and you can select the account you want to use.

3. Click OK.

Changing your Purchases linked accounts

▶ To change Purchases linked accounts

If you haven't already read the Accounts Overview, see "Accounts Payable linked accounts" on page 120 for more information

Use the Accounts Payable Linked Accounts window to change your Purchases linked accounts.

1. From the Setup menu, choose Linked Accounts; from the submenu that appears, choose Payable Accounts.
2. The Accounts Payable Linked Accounts window appears. Review the accounts that were selected for you (or that you previously selected), and make any changes that are needed.

An entry is required for the Liability Account for Tracking Payables and the Chebank Account for Paying Bills; if you wish to unlink an account, you must enter another account to replace it.

If you never pay freight, make deposits, take discounts or pay late charges, you can unmark these options. You may be required to enter a linked account in the future if you record a transaction that contains these amounts, however. Even if you don't plan to use these linked accounts, you may find it most convenient to leave the default selections that were provided for you.

If you're unsure of the account you want to use, click the search arrow. A selection window listing all your accounts will appear, and you can select the account you want to use.

3. Click OK.

Changing your Payroll linked accounts

▶ To change the default Payroll linked accounts

If you haven't already read the Accounts Overview, see "Payroll linked accounts" on page 122 for more information

Use the Payroll Linked Accounts window to change your default Payroll linked accounts.

1. From the Setup menu, choose Linked Accounts; from the submenu that appears, choose Payroll Accounts.
2. The Payroll Linked Accounts window appears. Review the accounts that were selected for you (or that you previously selected), and make any changes that are needed.

An entry is required for each field in the window; if you wish to unlink an account, you must enter another account to replace it. If you're unsure of the account you want to use, click the search arrow. A selection window listing all your accounts will appear, and you can select the account you want to use.

3. Click OK.

► **To change the Wages Expense linked account for individual wages**

If you haven't already read the Accounts Overview, see "Payroll linked accounts" on page 122 for more information

Use the Wages Information window to change the Wages Expense linked account that will be used for particular wage records. You might use this feature if you've set up an account you wish to use to track the amount of overtime being paid to your employees, for example.

1. In the Payroll Command Centre, click Payroll Categories to open the Payroll Category List window. Select the Wages tab, if it isn't selected already.
2. Highlight the wage you want to change and click the Edit button.
3. The Wages Information window appears. Mark the Override Employees' Wage Expense Account option. The Override Account field appears, and you can enter or select the Wages Expense account that you want to use with this wage.
4. Click OK.

► **To change the Payable linked account for individual deductions**

If you haven't already read the Accounts Overview, see "Payroll linked accounts" on page 122 for more information

Use the Deduction Information window to change the Payable linked account that will be used for particular deduction records. You might use this feature if you've set up an account you wish to use to track employee contributions to savings plans, for example.

1. In the Payroll Command Centre, click Payroll Categories to open the Payroll Category List window. Select the Deductions tab.
2. Highlight the deduction you want to change and click the Edit button.
3. The Deduction Information window appears. In the Linked Payable Account field, enter or select the Payable account that you want to use with this deduction.
4. Click OK.

► **To change the Expense and Payable linked accounts for individual employer expenses**

If you haven't already read the Accounts Overview, see "Payroll linked accounts" on page 122 for more information

Use the Employer Expense Information window to change the Expense and Payable linked accounts that will be used for particular employer expense records. You might use this feature if you've set up an account you wish to use to track the amount you owe for unemployment insurance, for example.

1. In the Payroll Command Centre, click Payroll Categories to open the Payroll Category List window. Select the Expenses tab.
2. Highlight the expense you want to change and click the Edit button.
3. The Employer Expense Information window appears. In the Linked Expense Account and Linked Payable Account fields, enter or select the accounts that you want to use with this expense.
4. Click OK.

► **To change the Payable linked account for individual payroll taxes**

If you haven't already read the Accounts Overview, see "Payroll linked accounts" on page 122 for more information

Use the Tax Table Information window to change the Payable linked account that will be used for particular payroll taxes.

1. In the Payroll Command Centre, click Payroll Categories to open the Payroll Category List window. Select the Taxes tab.
2. Highlight the tax you want to change and click the Edit button.
3. The Tax Table Information window appears. In the Linked Payables Account field, enter or select the account that you want to use with this tax.
4. Click OK.

