

END OF FINANCIAL YEAR GUIDE 2011

How to use your software to guide your business
through the end of financial year period



Making
business life
easier

END OF FINANCIAL YEAR GUIDE 2011

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Should you require any assistance with any end of year queries, we're here to help.

Please contact us via one of the following support options:

MYOB Support Notes - visit myob.com.au/supportnotes, where you can browse our comprehensive list of updated support notes.

MYOB Community Forum - You can also ask your technical support questions at your online lifeline, the MYOB Community Forum! For fast, personalised responses, post your question at myob.com.au/community.

Live Chat - Chat online with an MYOB support representative. Go to myob.com.au/support

Telephone - Talk to an MYOB support representative on **1300 555 123** from 7.30am – 9.30pm (AEST) Monday to Friday.

END OF FINANCIAL YEAR PROCESS

Each end of financial year you should perform the following procedures with your company file. This process will help you check the accuracy and completeness of your business information.

We recommend that you start the end of financial year process after you have recorded all transactions to 30 June 2011. However, you do not need to complete all of the steps in this process by 30 June.

NOTE: If you are using your software in a network environment, ensure all other users have logged out before completing end of financial year processes.

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> Use the Company Data Auditor

If you use **MYOB Accounting v15 or higher, MYOB Accounting Plus v15 or higher, MYOB Premier v9 or higher or MYOB AccountEdge v5 or higher** you can use the Company Data Auditor to complete steps 2 to step 8 of the end-of-financial year process. >

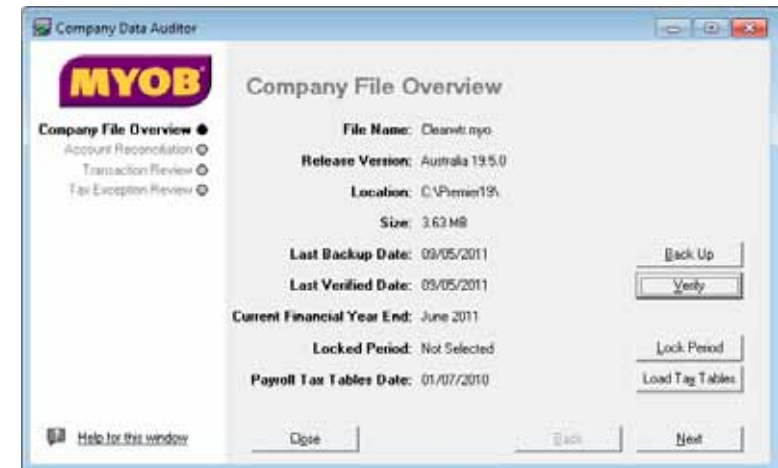
This auditor has four main windows that you should become familiar with:

- **Company File Overview:** Review key details about your company file and access important functions, such as the Backup and Lock Period features.
- **Account Reconciliation:** Quickly see which bank accounts need reconciling and access them easily.
- **Transaction Review:** Check the transactions entered in your company file for errors.
- **Tax exemption review:** Check transactions for incorrect tax information.

Look out for the Company Data Auditor references throughout this guide. If you need more information on how to use the Company Data Auditor simply click the **help for this window** link in the bottom left-hand corner of the **Company Data Auditor** window.

To access the Company Data Auditor

- Go to the **Accounts** command centre and click **Company Data Auditor**. Use the left-hand menu to explore the various audit functions.



Step 1 Enter all transactions for the financial year

You need to record all transactions for the current financial year. This includes sales, purchases, payments, receipts and employee pays.

Step 2 Back up the company file

Make two backups of your company file after entering all transactions up to 30 June 2011.

Name and label your backups carefully and note down the last cheque and invoice numbers (this will help you identify those tricky June–July transactions later).

For example, name the backup file “Company_Name_10A” and label the disk “Company Name, 30/6/11, Chq 100, Inv 10001, Backup A”.

Store one backup in your business premises and the other in a secure location away from your business.

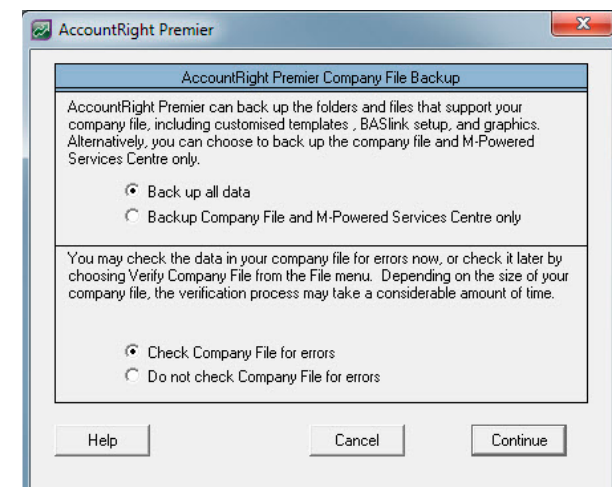
Record your backup file names and locations here:

1. _____

2. _____

To back up your company file

1. Go to the **File** menu and choose **Backup**. The Company File Backup window appears.
TIP: You can also access the Company File Backup window by clicking **Backup** in the Company Data Auditor (see page 4).
2. Select the **Backup all data** and **Check Company File for errors** options.
3. Click **Continue**. The data verification process begins and the company file is checked for errors.
When the data verification process is complete, a message appears, describing the results.



4. If the verification process did not detect any errors, click **OK**. The **Back Up** window appears, prompting you to choose a location to save the backup.
5. If the verification process did detect errors, run the Optimisation Assistant to repair the company file. This assistant is capable of fixing certain types of data errors and can also make your company file more efficient.

To run the Optimisation Assistant

- Go to the **File** menu and choose **Optimise Company File**.

Once you have optimised the file, perform the data verification procedure again to determine if the data errors have been repaired. If errors continue to be detected and the message refers to a particular transaction, open the transaction, review it or delete and re-enter it. If you receive a message referring to a record, such as an inventory item or tax code, open the record to investigate its setup.

If the verification process does not specify transactions or records, you should restore the most recent backup of your company file and use that file instead. (You should also check that company file for errors.) MYOB also offer a company data file repair service. Visit our website for more information.

Step 3 Do a stocktake

If you have inventory, you need to do a stocktake. This requires you to manually count your on-hand stock and make adjustments to item quantities if they are different to your records.

You need to do this on 30 June.

If you use your software to track inventory levels, you should only do a stocktake after recording all sales and purchases for the year. Otherwise, your stock levels won't accurately show what you should have on hand.

To perform a stocktake

1. Go to the **Inventory** command centre and click **Count Inventory**. The **Count Inventory** window appears.
2. Click **Print** to print the **Inventory Count Sheet**.
3. Manually count your inventory and note down the quantities on the Inventory Count Sheet.

- In the **Count Inventory** window, type the actual quantities of the inventory items in the **Counted** column. Any discrepancy between the counted quantity and the on-hand quantity appears in the **Difference** column.
- Click **Adjust Inventory**. If there are differences between on-hand and counted values, the **Adjustment Information** window appears.

If you want, you can select a default adjustment account for tracking the adjustments you entered in the Count Inventory window. This saves you having to enter an account on every line of the inventory adjustment. This account is normally an expense account such as Shrinkage/Spoilage. It should not be your inventory asset account.

If you need to use different accounts to track the adjustments you made in step 5, don't enter a default account.

- Click **Continue**. The Adjust Inventory window appears, displaying a line item for each adjustment you entered in the **Count Inventory** window in step 5.

If you entered a default adjustment account at step 5, that account appears in the **Account** column for each line item.

If you didn't enter a default adjustment account, enter an account against each item listed.

- [Optional] Enter a reason for the adjustment in the **Memo** column (for example, End of year stocktake 2011).
- Click **Record** to update your inventory.

Item Number	Item Name	On Hand	Counted	Difference
100	Coder Large	6	6	0
120	Coder Filter Large	133	129	-4
123	Filter Kit No 1 Large	0	0	0
200	Coder Medium	0	0	0
220	Coder Filter Medium	22	22	0
300	Coder Small	10	10	0
320	Coder Filter Small	18	18	0
400	Pottery Crook	1	1	0
410	Glass Crook	7	7	0
500	Spring Water Beverage Maker	0	0	0
550	Coffee Powder	8	8	0
560	Tea	18	18	0
600	20 Litres North Spring	168	168	0
610	20 Litres South Spring	295	295	0
630	20 Litres Clear Carbon	62	62	0
640	20 Litres Orange Carbon	7	7	0

Step 4 Reconcile your bank accounts

When you receive your bank statements for the period ending 30 June, you should reconcile your bank and credit card accounts. This will ensure that your records match your bank's records as at 30 June.

You can either work from your paper-based statements to complete this process, or download the bank statement from your bank's online banking website (supported file types include OFX, QFX, QIF and OFC). Both procedures are described below.

To manually reconcile a bank account

1. Go to the **Banking** command centre and click **Reconcile Accounts**.
The Reconcile Accounts window appears.



You can also access the Reconcile Accounts window using the Company Data Auditor (see page 4). Click the **Account Reconciliation** option in the auditor's left-hand menu, highlight the account that you want to reconcile and then click **Reconcile Accounts**.

2. Select the account that you want to reconcile.
3. Enter the closing balance of the bank account you're reconciling in the **New Statement Balance** field.
4. Enter **30/6/2011** as the closing date of the reconciliation period in the **Bank Statement Date** field.

TIP: If your bank or credit card statement's closing date is after 30 June, simply rule a line after the last June transaction, calculate the closing balance on the statement as of the last June transaction, and reconcile with a statement date of 30 June 2011 in your software.

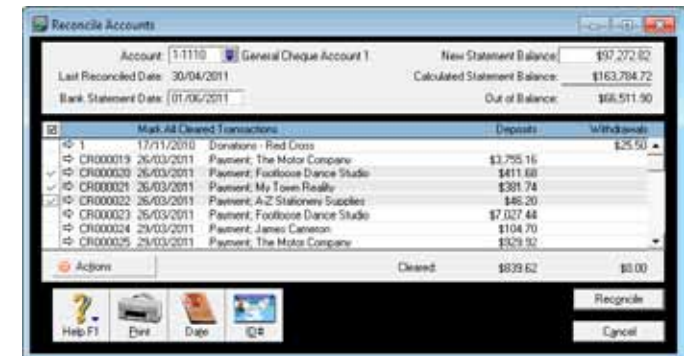
5. Click the transaction lines that also appear on your bank statement.

TIP: If interest or service fees are on your bank statement, but do not appear in the Reconcile Accounts window, click the **Actions** button, choose **Bank Entry** and enter those fee amounts in the **Bank and Deposit Adjustments** window that appears. They will automatically be selected as "Cleared".

6. If the "Out of Balance" amount is:

- zero, you have successfully reconciled the bank account. Click **Reconcile** and choose to print the Reconciliation report. After printing the report, click **Reconcile** again and then click the **Reconcile** option.
- a non-zero amount, refer to *Support Note 9083 - "Out of balance bank reconciliations"*, which can be found at myob.com.au/supportnotes.

If you need help reconciling a bank account, press F1 to open the Help window for more information about reconciling accounts. Alternatively, refer to *Support Note 11140 - "Reconciling a bank account"*.



To reconcile a bank account using a downloaded bank statement

1. Go to the **Banking** command centre and click **Reconcile Accounts**. The Reconcile Accounts window appears.



You can also access the Reconcile Accounts window using the Company Data Auditor (see page 4). Click the **Account Reconciliation** option in the auditor's left-hand menu, highlight the account that you want to reconcile and then click **Reconcile Accounts**.

2. Select the account that you want to reconcile.
3. Enter the closing balance of the bank account you're reconciling in the **New Statement Balance** field.
4. Enter **30/6/2011** as the closing date of the reconciliation period in the **Bank Statement Date** field.
5. Click **Actions**, choose **Get Statement** and use the Open window to locate and open the statement file that you have already downloaded from the internet.
6. The Get Statement Log appears. This alert tells you the number of transactions in the statement file, the number of transactions read by your software, and if any transactions have been skipped. Click **OK**.
7. The **Unmatched Statement Transactions** window appears.
 - If no transactions appear in the list, click **Done**.
 - If a transaction appears in the list, manually match the transaction or record a new transaction – press F1 to open the Help window for information about reconciling accounts. When all of the transactions have been matched, click **Done** to return to the Reconcile Accounts window.
8. If the "Out of Balance" amount is:
 - zero, you have successfully reconciled the bank account. Click **Reconcile** and choose to print the Reconciliation report. After printing the report, click **Reconcile** again and then click the **Reconcile** option.
 - a non-zero amount, refer to *Support Note 9083 - "Out of balance bank reconciliations"*, which can be found at myob.com.au/supportnotes.

TIP: If you use the ATO's Business Portal to lodge your BAS, you may need to reconcile any tax accounts that you have with the ATO, such as the Income Tax Account and the Integrated Client Account. Reconciling the accounts with the transactions listed in the Business Portal will ensure that your company file shows the correct amount owing to the ATO, including any General Interest Charges.

Step 5 Reconcile your accounts receivable

This step compares the total value of your open invoices with the balance of the linked account for tracking receivables (which is an asset account that might be named, for example, Trade Debtors or Accounts Receivable).

These two values should always match.

To reconcile your accounts receivable

1. Go to the **Reports** menu and choose **Index to Reports**.
2. Click the **Sales** tab and highlight the **Receivables Reconciliation Summary** report.
3. Click **Customise** and set the **Receivables As Of** date field to **30 June 2011**.
4. Click **Display**.
5. If the "Out of Balance" amount is:
 - Zero, the accounts receivable reconcile. Print and store the report in a secure location.
 - A non-zero amount, please refer to *Support Note 9096 "Receivables reconciliation out of balance"*, which can be found at myob.com.au/supportnotes.



You can quickly reconcile your accounts receivables using the Company Data Auditor (see page 4):

1. Click the **Transaction Review** option in the left-hand menu of the auditor.
2. Enter **01/07/10** to **30/06/11** in the **Start Date** and **End Date** fields.
3. Click **Run Review**. If there is an out-of-balance amount, a question mark and a Display button will appear next to the **Reconcile invoices with the linked receivables account** step of the review.
4. Click **Display** to print the Receivables Reconciliation Exceptions report and analyse the details of the report.

Your accounts receivable may be out of balance if:

- An invoice is allocated to the linked account for tracking receivables instead of an income account.
- A customer payment is dated prior to the customer invoice's date. A customer payment has been entered in the Receive Money window instead of the Receive Payments window.
- A general journal entry or a Receive Money transaction is allocated to the linked account for tracking receivables.
- Only one of two finance charge transactions has been deleted. If you delete a customer payment with an amount applied to the Finance Charge field, you must also delete the corresponding entry for the finance charge in the Sales journal.

To reconcile foreign currency receivables

This procedure is applicable if you use your software to make sales in foreign currencies.

1. Go to the **Reports** menu and choose **Index to Reports**.
2. Click the **Sales** tab and highlight the **Receivables Reconciliation Summary** report.
3. Click **Customise** and set the **Receivables As Of** date field to **30 June 2011**.
4. Select the currency to reconcile and ensure that the **Display In** field (located in the Finishing tab) is set to **Originating Currency**.
5. Click **Display**.
6. If the "Out of Balance" amount is:
 - Zero, the accounts receivable reconcile. Print and store the report in a secure location.
 - A non-zero amount, please refer to *Support Note 9096 "Receivables Reconciliation out of balance"* which can be found at myob.com.au/supportnotes.
7. Repeat this procedure for all the currencies you use.

Step 6 Reconcile your accounts payable

This section is not applicable for BusinessBasics or MYOB FirstEdge users.

If you are using your software to track your accounts payable, you should regularly check that the value of your open purchases matches the balance of the linked account for tracking payables, which is usually a liability account named Trade Creditors or Accounts Payable.

These two values should always match, however an imbalance can occur if a supplier payment has been entered in the Spend Money window instead of the Pay Bills window. There are a few other possibilities, and this procedure will help you find any incorrectly entered transactions.

To reconcile your accounts payable

1. Go to the **Reports** menu and choose **Index to Reports**.
2. Click the **Purchases** tab and highlight the **Payables Reconciliation Summary** report.
3. Click **Customise** and set the **Payables As Of** date field to **30 June 2011**.
4. Click **Display**.
5. If the "Out of Balance" amount is:
 - Zero, the accounts payable reconcile. Print and store the report in a secure location.
 - A non-zero amount, please refer to *Support Note 9109 "Payables reconciliation out of balance"* which can be found at myob.com.au/supportnotes.



You can quickly reconcile your accounts payable using the Company Data Auditor (see page 4):

1. Click the **Transaction Review** option in the left-hand menu of the auditor.
2. Enter **01/07/10** to **30/06/11** in the **Start Date** and **End Date** fields.
3. Click **Run Review**. If there is an out-of-balance amount, a question mark and a **Display Report** button appear next to the **Reconcile purchases with linked payables account** step of the review.
4. Click **Display** to print the Payables Reconciliation Exceptions report and analyse the details of the report.

Your accounts payable may be out of balance if:

- A purchase is allocated to the linked account for tracking payables instead of an expense account.
- A supplier payment is dated prior to the purchase's date.
- A general journal entry or a Spend Money transaction has been allocated to the linked account for tracking payables.
- Only one of two finance charge transactions has been deleted. If you delete a supplier payment with an amount applied to the Finance Charge field, you must also delete the corresponding entry for the finance charge in the Purchases journal.

To reconcile foreign currency payables

This procedure is applicable if you use the multi-currency feature in your software version.

1. Go to the **Reports** menu and choose Index to Reports.
2. Click the **Purchases** tab and highlight the **Payables Reconciliation Summary** report.
3. Click **Customise** and set the **Payables As Of** date field to **30 June 2011**.
4. Select the currency to reconcile and ensure that the **Display In** field (located in the **Finishing tab**) is set to **Originating Currency**.
5. Click **Display**.
6. If the "Out of Balance" amount is:
 - Zero, the accounts payable reconcile. Print and store the report in a secure location.
 - A non-zero amount, please refer to *Support Note 9109 "Payables Reconciliation out of balance"* which can be found at myob.com.au/supportnotes.
7. Repeat this procedure for all the currencies you use.

Step 7 Reconcile your inventory

This section is not applicable for MYOB BusinessBasics or MYOB FirstEdge users.

Each “inventoried” item in your Items List is linked to an asset account in the Accounts List. Therefore, the inventory value of your items, as shown in the inventory reports, should always match the inventory asset account values.

However if the inventory asset account has incorrectly been used in a transaction, an imbalance may occur. The following procedure will help you check for any incorrectly entered transactions.

To reconcile your inventory

1. Go to the **Reports** menu and choose **Index to Reports**.
2. Click the **Inventory** tab and highlight the **Inventory Value Reconciliation** report.
3. Click **Customise** and enter the date as **30 June 2011**.
4. Click **Display**. The Current Value column lists the value of all of the inventory items as of 30 June 2011 according to the Items List. This totals to the Inventory Value at the bottom of the report. Directly below this is the Account Balance field, which is the balance of the inventory general ledger asset account as at the filtered date.
5. If the “Out of Balance” amount is:
 - Zero, your inventory balances. Print and store the report in a secure location.
 - A non-zero amount, you will need to find the transactions that are causing the out of balance.

Inventory Value Reconciliation			
09/05/2011 9:39:36 AM		30/06/2011	
			Page 1
Item #	Item Name	On Hand	Current Value
1-1400	Inventory		
100	Cooler Large	6	\$2,077.96
120	Cooler Filter Large	133	\$6,044.91
123	Filter Kit No 1 Large	0	\$0.00
200	Cooler Medium	0	\$0.00
220	Cooler Filter Medium	22	\$540.00
300	Cooler Small	10	\$894.09
			Inventory Value: \$22,042.37
			Account Balance: \$22,042.37
			Out of Balance: \$0.00

To locate transactions that cause imbalances

1. Filter the Inventory Value Reconciliation using weekly time intervals from previous reconciliations, for example enter dates for one week previous and to try and find the last time that the inventory was in balance.
2. When this point in time is found, start filtering the report forward in time at shorter intervals, for example one day, to find exactly when the out of balance occurred.
3. Use the **Find Transactions** window (accessible from the Command Centre) to review the transactions that were allocated to the inventory asset account on that day.

Your inventory may be out of balance if:

- A journal entry is allocated to the inventory asset account. Any adjustments to inventory should be performed using the Sales, Purchases or Adjust Inventory windows.
 - Incorrectly using the inventory asset account as the allocation account in a Sale, Purchase, Spend Money, Receive Money or Adjust Inventory transaction. The only time this account should be used as the allocation account is when creating inventory adjustments for opening inventory balances, which is only performed using the Adjust Inventory window.
4. Once you have found the incorrect entries, either edit, delete or reverse them. Once the errors have been fixed, your inventory should be balanced.

NOTE: If the incorrect transactions are dated in a previous year and you have closed that financial year, the transactions cannot be deleted or edited. You will need to enter a reversing entry that is dated in the current financial year.



You can quickly reconcile your inventory and identify incorrectly-entered transactions using the Company Data Auditor (see page 4):

1. Click the **Transaction Review** option in the left-hand menu of the auditor.
2. Enter **01/07/10** to **30/06/11** in the **Start Date** and **End Date** fields.
3. Click **Run Review**. If there is an out-of-balance amount, a question mark and a **Display Report** button appear next to the **Compare item values with inventory account** step of the review.
4. Click **Display Report** to print the Inventory Value Reconciliation Exception report and analyse the details of the report.

Step 8 Reconcile the GST control accounts

When you record a transaction that has a GST component, the tax amount is allocated to the tax code's linked account, or control account – for example, GST Collected or GST Paid.

If these linked accounts have been used incorrectly, the GST reports and your control accounts will not balance. The following procedure will help you check for any imbalances in your GST control accounts.

NOTE: This procedure is only applicable if you pay and collect GST on the accrual basis. If you are accounting for GST on a cash basis, the GST control accounts (accounted for on an accrual basis) and the figures at G9 and G20 on your BAS (accounted for on a cash basis) will not match because of timing differences.

To reconcile your GST control accounts

1. Go to the **Reports** menu and choose the **Index to Reports**.
2. Click the **GST/Sales Tax** tab and highlight the **Tax Information Reconciliation Summary** report.

This report reviews the activity of your tax codes and their linked accounts.

3. Click **Customise**.
4. Select **June** if you remit your BAS monthly or **April to June** if you remit quarterly.
5. Click **Display**.
6. If the "Out of Balance" amount for an account is:
 - Zero, the control account reconciles. Print and store the report in a secure location.
 - A non-zero amount, see the following tips.

What can cause an account to be out of balance in this report?

Transactions have been allocated directly to a tax code's linked account:

With the exception of recording your payment to, or refund of, GST to the ATO (the GST remittance transaction), you should not allocate transactions directly to the GST Collected or GST Paid accounts, as they will not appear in the GST reports or in BASlink.

Tax Information Reconciliation [Summary] Report				
01/07/2010 To 30/06/2011				
09/05/2011 9:46:04 AM				Page 1
Code	Description	Rate	Tax Collected	Tax Paid
1-1960	Voluntary Withholding Credits			
VWH	Voluntary Withholdings	(20.000%)	-\$560.00	\$0.00
		Total:	-\$560.00	\$0.00
	Expected Account Balance on	30/06/2011		\$560.00
	Actual Account Balance on	30/06/2011		\$560.00
		Out of Balance:		\$0.00

The opening balance of the tax code's linked account is incorrect: When you set up your company file, you would have entered your account opening balances. Specifying an incorrect opening balance for a tax code's linked account (for example, GST Collected or GST Paid) will ultimately affect the account's Actual Account Balance in the Tax Information Reconciliation report.

Review your account opening balances by going to the **Setup** menu, choosing **Balances** and then choosing **Account Opening Balances**. Scroll down until you find your tax codes' linked accounts and enter the correct opening balances.

If your company file has been in use for some time, and you suspect that the tax codes' linked account opening balances have been altered, restore a backup of your company file that you know has the correct opening balances. Note the opening balances in the restored company file and then correct them in your current working company file.

A tax code's linked account has been changed part-way through the reporting period: The Tax Information Reconciliation report is categorised by the tax codes' linked accounts. Therefore, the linked accounts are used as report sub-headings, under which the associated tax code(s) activity is listed.

Where a tax code's linked account has been changed, and that change is within the report's period, the tax code's entire activity for that period is reported against the account it is currently linked to. As only a portion of the tax code's activity was actually posted to its current linked account, an out of balance for the account will be reported.

To determine if a tax code's linked account has been changed:

1. Restore a backup of your company file from the last BAS reporting period.
2. In the restored company file, select the **Tax Code List** report in the **Index to Reports** window, and click **Customise**.
3. Go to the **Report Fields** tab and choose to include the **Tax Collected** and **Tax Paid** report fields. (If you are using MYOB BusinessBasics or MYOB FirstEdge, click the **Design** button to add these fields).
4. Display and print the Tax Code List report and then compare it with the same report produced from your current working company file. Comparing these two reports will help you identify any tax codes that have had their linked accounts changed.

For further information about the Tax Information Reconciliation report, refer to *Support Note 9285 "Using the Tax Information Reconciliation Report"*, which is accessible from myob.com.au/supportnotes.

Step 9 Review the accounts and reports

You should review the key reports to identify potential issues. Review the Accounts List, Trial Balance, Balance Sheet and Profit and Loss reports as a minimum and look for any amounts that seem incorrect or unexpected.

To investigate amounts on the report, you can simply click the on-screen amounts, and use the Find Transactions window or the Edit Accounts window that appear to see what makes up the values shown in the report.

Step 10 Provide information to your accountant

There are a number of ways you can provide the financial year's information to your accountant. Talk to your accountant to discuss their preferred method.

Make a backup of your company file and send it to your accountant

Many accountants use MYOB or compatible software in their practice and are happy to accept your company file for review, and then provide you with the required changes to import into your company file.

Company files are also cross-platform compatible, so even if you're using a Mac and your accountant has a Windows-based computer, they will be able to work with your company file (assuming you are both using compatible software versions).

Please note that only your company file is cross-platform and not the backup file, therefore you will need to either copy your company file to CD, memory stick or other portable media.

For further information on moving a company file from Mac to Windows or vice versa, refer to *Support Note 9255 "Moving company files between Windows and Mac"*, which is accessible from myob.com.au/supportnotes.

Export information for your accountant

Your accountant may prefer you to just send the information they need in a special text file that can be imported into their practice management software. Speak to your accountant to determine which accounting practice management software they are using.

If your accountant uses MYOB Accountants Office in their practice: Thousands of accounting practices are using MYOB Accountants Office software in their practice. If your accountant uses this system, you can quickly export and send just the information they need to review your accounts.

Simply go to the **Accounts** command centre and click **Send to Accountant** (or **Send to MYOB Accountants Office**). You can then send an email containing the necessary information or provide the accountant with a special export file.

If your accountant does not use MYOB Accountants Office in their practice: You can export your financial information to Ceedata, HandiLedger and Solution 6 MAS file formats, by going to the File menu and choosing **AccountantLink**.

Provide reports to your accountant

Some accountants simply require you to print out the key financial reports for the year. Use the following list as a guide to reports that you may be required to send.

- **Profit and Loss Statement** for the financial year.
- **Bank Reconciliation** as at **30/06/11**.
- **Balance Sheet** as at **30/06/11**.
- **Trial Balance** as at **30/06/11**.
- **General Ledger (Detail)** for the financial year. Note: This can be a lengthy report, so consider emailing it to your accountant – Display the report, click **Send To** and choose **Email**.
- **Receivables Reconciliation (Summary)** as at **30/06/11** (if you use your software for invoicing).
- **Payables Reconciliation (Summary)** as at **30/06/11** (if you use your software for purchasing).
- **Inventory Value Reconciliation** as at **30/06/11** (if you use your software to track inventory).
- **GST Summary** reports for the June month or quarter.

TIP: Once you have provided your accountant with the information they need, lock the last financial year so that no entries are made or changed for the old year.

To lock the last financial year

1. Go to the **Setup** menu and choose **Preferences**.
2. Click the **Security tab** and set the **Lock periods up to and including** field to **30 June 2011**.

You will need to unlock the period again to enter any adjustments your accountant gives you.



You can also lock the financial year period by clicking the Lock Periods button in the Company Data Auditor (see page 4).

TIP: You should also send copies of external statements, such as bank and credit card statements, loan statements and ATO statements to your accountant. If you have made an Annual Private Apportionment Election for GST purposes you should also give your accountant a copy of the Election so that the appropriate adjustments can be made.

Step 11 Enter any end of year adjustments

In finalising your accounts for the financial year, your accountant is likely to want to make a number of adjustments. If these are provided to you electronically, you can import these direct into your software; otherwise you may have to enter them manually.

To import adjustments

1. Go to the **File** menu, choose **Import Data** and then choose **General Journal Entries**.
2. Select the appropriate import file format. Your accountant should provide you with details of the file's format.
3. Click **Continue** and then locate and open the import file. The **Import Data** window appears.
4. Use the **Import Data** window to match the import file fields with your software's fields.
5. Click **Import** to complete the process. If you need assistance with the **Import Data** window, press F1 to open Help about this window.

To manually enter adjustments

1. Go to the **Accounts** command centre and click **Record Journal Entry**. The **Record Journal Entry** window appears.
2. Enter the adjustments as directed by your accountant and click **Record**.

IMPORTANT: After entering these adjustments, make two backups of your company file. They should both be saved to removable media, such as a portable memory device, CD or DVD. Refer to page 5 for instructions on backing up your file.

Record your backup file names and locations here:

1.

2.

Step 12 Start a new financial year

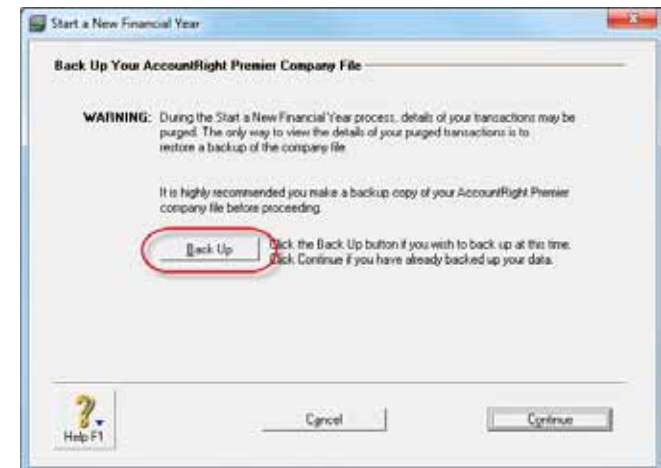
You should now be ready to run the Start a New Financial Year assistant. When you start a new financial year, your software performs the following:

- The previous financial year's monthly totals for all accounts are changed to "last year" figures – if "last year" amounts already existed, those amounts will be replaced.
- All closed sales and closed purchases are purged. Any transactions that are dated in the new financial year will not be affected by this process.
- The balance of your Current Year Earnings account (Equity-type account) is transferred to your Retained Earnings account (Equity-type account).
- The balances of your income, cost of sales, expense, other income and other expense accounts are reset to zero, as of 30 June or end of your financial period.

NOTE: This process may take some time if you have a large number of transactions or records.

To start a new financial year

1. Go to the **File** menu, choose **Start a New Year** and then choose **Start a New Financial Year**.
The Start a New Financial Year window appears.
2. If you haven't already backed up your company file, click **Back Up**. (If you are using BusinessBasics or FirstEdge, click **Cancel** and then see page 5 for information on backing up your company file.)
3. Click **Continue**. You will be presented with a list of all the changes that will occur during the Start a New Financial Year process. Read this carefully and then click **Continue**.
4. Specify the new financial year and the last month of the new financial year. In most cases you can accept the default details showing in this window. If you are closing the financial year ended 30 June 2011 you would select 2012 as the new financial year (as it covers the 2011/2012 years), and June as the last month.
5. Choose the number of periods to use in the new financial year (this feature is not available in MYOB BusinessBasics or MYOB FirstEdge). If you're not sure whether you need twelve or thirteen periods, choose thirteen.



6. Click **Continue**. Indicate whether you want to prevent certain transactions from being erased.
 - If you track undeposited funds, select the **Keep Receipts Grouped with Undeposited Funds** option.
 - If you make electronic payments, select the **Keep Disbursements Grouped with Electronic Payments** option.
 - If you use the MYOB M-Powered® Superannuation service, select the **Keep Unpaid Superannuation Accruals** option.
7. Indicate whether you want to erase certain transactions:
 - Purge Audit Trial Entries
 - Purge Item Movements Entries.
8. Click **Continue**. Indicate if you would like to keep pay cheques from prior financial years. Choose the date accordingly.
9. Click **Continue**. Indicate which accounts you normally reconcile. Any transactions that are yet to be reconciled in these accounts will not be erased.
10. Click **Continue**. If you have backed up your company file, and are satisfied with the selections you've made in the Start a New Financial Year windows, click **Start a New Financial Year**.

Once this process is complete, **you're done!**

END OF PAYROLL YEAR PROCESS

Complete this section if you use:

- > AccountRight Plus
- > AccountRight Premier
- > AccountRight Enterprise
- > AccountEdge

If you manage your payroll using AccountRight or AccountEdge, you will also need to complete the following procedures after the last pay run of the 2010-2011 payroll year or before you enter paycheques for the 2011-2012 payroll year.

In this section we will go through the steps to reviewing your payroll, printing Payment Summaries and starting a new payroll year.

END OF PAYROLL YEAR CONTENTS

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Step 1 Process the last paycheques for the year

Ensure that you have entered all paycheques to 30 June 2011 before continuing. Once you start a new payroll year you will not be able to enter or edit any paycheques for the previous year.

Step 2 Print the key payroll reports

To print payroll reports

1. Go to the **Reports** menu and choose **Index to Reports**.
2. Click the **Payroll** tab and print the following reports:
 - > **Payroll Activity [Summary]:** Print this report for the full payroll year. This report lists each employee's total wages, entitlements, deductions, employee expenses and taxes. The Activity Report derives its information from paycheques recorded using the Pay Employees function only, so it does not include any history that may have been manually entered in the employee's card.
 - > **Payroll Register [Summary]:** Print this report for the full payroll year. This report lists each employee's total wages, entitlements, deductions, employee expenses and taxes but derives its information from the payroll history contained in the employee cards only. The payroll history is also the basis for the information used by the Payment Summary Assistant.
 - > **Entitlement Balance [Detail]:** Print this report to review your employees' leave entitlements. Choose the date range 01/07/10 to 30/06/11 as the period to identify the current balances for each employee. The opening hours will include the carry over figure and the total available hours indicates the lifetime balance.
 - > **Superannuation reports:** Make sure that you have printed your superannuation reports for the month of June 2011 or the April-June quarter. Superannuation reports for these periods cannot be generated once you start a new payroll year, so print them to ensure that you have enough information to remit your super contributions.

NOTE: If you have made direct adjustments to the payroll history information in your employees' cards, the Payroll Activity and Payroll Register reports will not match. The only time these reports should differ is when you have commenced using the payroll function part-way through the year and have entered opening payroll balances in the Pay History tab of your employee cards. The payroll history within an employee card should not be manually adjusted if a mistake has been made on a Pay Employee transaction as there will be no audit trail, and the general ledger accounts will not be updated. Instead, the incorrect paycheque should be deleted and re-entered. Also note that Payment Summaries retrieve their figures from the employee Payroll History, so if this information is incorrect, the Payment Summaries will also be incorrect.

Step 3 Reconcile PAYG withholdings

Using the payroll reports that you printed at step 2, you should now be able to reconcile your year-to-date PAYG withholding figures.

This process will check that you have remitted the full amount of PAYG withholdings that were collected during the payroll year.

To reconcile PAYG withholdings you will need to total all the payments that have been made to the Australian Taxation Office during the year. Compare the total payments made to the ATO with the total PAYG figures appearing on the Payroll Activity and Payroll Register reports.

Total PAYG remitted to the ATO	\$
Total PAYG showing on the Payroll Activity / Register Reports	\$
Variance	\$

If there is a variance between the PAYG remitted to the ATO and the Payroll Activity and Payroll Register reports, you will need to print these payroll reports for each month and compare them to the figures paid to the ATO for the PAYG Withholdings until you find the discrepancy. (See Step 2 for reasons why the Payroll Activity and Payroll Register reports may not match).

You can also compare the total gross wages shown on the Payroll Activity and Payroll Register reports with the Wages expense account in the Profit and Loss Statement for the payroll year. If the two figures do not match (remember to take into account any allowances paid into other accounts), you will need to print the Payroll Register report for each month and compare it to the monthly Profit and Loss Statements until you find the discrepancy.

Step 4 Identify workers under labour hire arrangements

The Payment Summary information that you will send to the ATO via the EMPDUPE file should not include payments made to workers under labour hire arrangements.

To exclude employees with labour hire arrangements from the EMPDUPE file

1. Go to the **Card File** command centre and click **Cards List**.
2. Click the **Employees** tab and click the zoom arrow of an employee that has a labour hire arrangement.
3. Click the **Payroll Details** tab and check that **Labour hire** is selected from the Employment Basis drop-down list.
4. Repeat these steps for the other employees with labour hire arrangements.

Step 5 Print Payment Summaries

Once all payroll transactions have been entered and your with PAYG withholdings have been reconciled, you are ready to print the Payment Summaries for your employees. Remember that you can print the PAYG Payment Summaries as many times as you like.

TIP: If you are unable to print the Payment Summaries before the first pay run of the new year, make two backups of your company file. Then start a new payroll year and keep using the file.

When you are ready to print your Payment Summaries, restore a backup. Give the restored file a name that easily identifies it as the “before new payroll year” file so that it is not accidentally used to enter data for the new payroll year.

Record your backup file names and locations here:

1.

2.

Before you begin, make sure all of the employees you are preparing payment summaries for have an address (including town and postcode) and a tax file number recorded in their card.

You will also need details of any fringe benefit amounts and reportable superannuation amounts for your employees.

To prepare your Payment Summaries

1. Go to the **Payroll** command centre and click **Print Payment Summaries**. The Payment Summary Assistant appears. The Payment Summary Assistant helps you set up the information required for your Payment Summaries.
2. Click the **Individual non-business and Employment termination payment** option and click **Next**.
3. Check Your Company's Payment Summary Information. This window displays your company's name and address, as you entered it in the Company Information window when you set up the company file. This information will appear on your employees' Payment Summaries, and also in the electronic file (the EMPDUPE file) containing payment summary information that you will provide to the ATO.

Ensure that this information is correct and also enter your company's Trading Name if you wish.

NOTE: In the State field, you must select one of the following two- or three-character codes:

ACT	Australian Capital Territory
NSW	New South Wales
NT	Northern Territory
QLD	Queensland
SA	South Australia
TAS	Tasmania
VIC	Victoria
WA	Western Australia
OTH	Overseas addresses

If OTH is selected (your company is a non-resident):

- The Country field appears. You must enter your company's country information in this field.
- The Postcode field defaults to 9999 and cannot be changed.
- The state and postcode as well as the town must all be reported in the Suburb/Town/City field.

For example, assume your address is 275 Central Park West, Apartment 14F, New York, NY USA 10024.

This address would be entered as follows:

Street Address	- Line 1	275 Central Park West Street Address
	- Line 2	Apartment 14F
Suburb/Town/City		New York, NY 10024
State		OTH
Postcode		9999
Country		USA

Once you have completed these details click **Next**.

The ATO requires each business to provide contact information for the person who processed your business's Payment Summaries as well as your company information.

If you have approval from the ATO, you can also specify an authorised signatory in this window; this person's name will appear in the "Signature of Authorised Person" area on your employees' Payment Summaries.

When you're satisfied with the entries in this window, click **Next**.

4. Set up the Payment Summary fields

Indicate which payroll categories in your software are reported in each Payment Summary field on your employees' Payment Summary. You can also enter a descriptive label for some fields and these will be printed with the amounts for the payroll categories you've linked to the fields.

IMPORTANT: Take care when completing this step. Incorrectly selecting or omitting a category will result in erroneous amounts on the Payment Summaries.

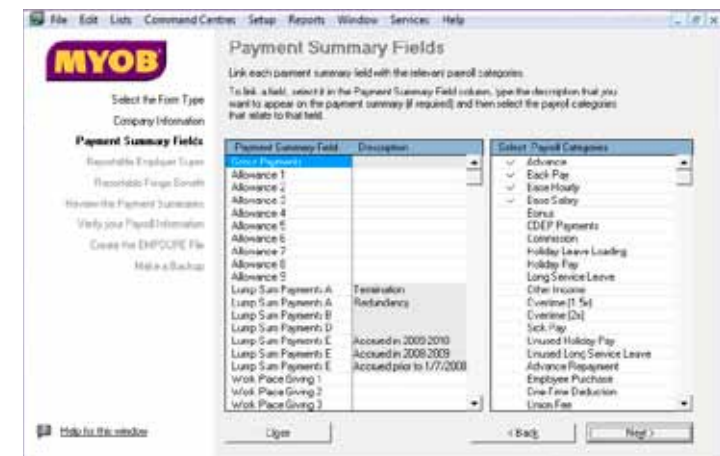
Refer to the *PAYG Payment Summary - Individual Non Business Guidelines* for information about which wages and deductions should be selected for each field.

Use the following information to help you complete this window.

Gross Payments

Select the **Gross Payments** field on the left. The row will highlight. Now, in the right hand column, select all wage-type categories that you want to include in the Gross Payments box on the Payment Summary. To start with, you may select Base Hourly, Base Salary, Holiday Pay and Sick Pay. Also select any relevant salary sacrifice categories. Even if only some of your employees are linked to a certain category, select it if any amounts for any employees have been allocated to that category.

NOTE: Ensure that you do not select any Allowances, Lump Sum Payment categories, CDEP categories, Deductions or Taxes at this stage. Select only the wage-type categories.



Allowances

Select the **Allowance 1** field on the left, enter the name of an allowance paid to your employees in the **Description** column, and then select the relevant allowance category in the right hand column. Select **Allowance 2**, enter the description of another allowance, and then select the relevant allowance category in the right hand column.

Repeat this for any other allowances you may have. If you have more than nine allowances, enter three of them as just described, then select **Allowance 9**, enter the description as **Other** and select the other allowances on the right.

Lump Sum Payments

If you have paid any amounts to your employees that belong to the Lump Sum Payments A, B, D and E boxes, you will need to select the appropriate field on the left-hand side and click on the right-hand side payroll categories that correspond to the box.

It is recommended that you have dedicated payroll categories set up to report Lump Sum Payments. This enables you to easily report Lump Sum amounts separately to Gross Payments.

NOTE: Lump Sum Payment C is for any Employment Termination Payments (ETP) eg. cash sum on termination of employment. These payments need to be issued on a separate ETP Payment Summary, which is available in some more recent software versions as a part of the Payment Summary Assistant. Please contact the ATO for further information.

Lump Sum Payment E refers to amounts received for back payment of salary or wages, which accrued more than 12 months ago.

Community Development Employment Project (CDEP) Salary or Wages

CDEP payments refer to salary or wages received by persons of Aboriginal or Torres Strait Island descent on a "work for the dole" project within their community.

If you have made CDEP payments, select the CDEP field on the left and then select the appropriate CDEP payroll category on the right.

Tax Instalments Deducted

Select the **Total Tax Withheld** box on the left. On the right hand side, notice that the PAYG Withholding category is automatically selected. Do not clear this category. If you have set up other deductions to act as tax deductions (eg flat rate of 20% tax set up as a deduction) then also select these. Once you have selected all required payroll categories click **Next**. If you have paid any amounts to your employees that are considered part of an employment termination payment, you can use the last 3 fields of the assistant. Select the appropriate field on the left hand side and click the relevant payroll categories on the right hand side.

NOTE: This works best when you have set-up wage categories especially for this payment type.

5. Enter reportable employer superannuation contributions (RESC)

As of the 2010 payroll year, some superannuation contribution amounts are now reportable. Enter any applicable RESC amounts in this window. To do this, click the Link Superannuation Categories button and select the superannuation payroll categories that are reportable, for example Salary Sacrifice and Employer Additional. You can also manually enter amounts next to an employee's name.

NOTE: Reporting the correct superannuation amount

Reportable superannuation amounts usually include salary sacrifice and over-award superannuation contributions. In most cases, superannuation guarantee (such as the 9% compulsory contribution) and after-tax contributions are not reported.

For more information about RESC, contact the ATO.

Once you have entered or selected applicable RESC amounts, click **Next**.

6. Fringe benefits

Enter the Reportable Fringe Benefit amounts earned by your employees during the corresponding FBT year (in whole dollar amounts).

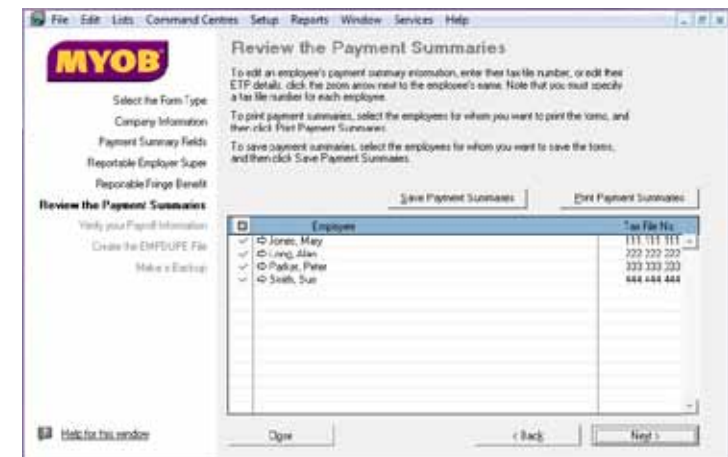
Employers are required to record the taxable value of fringe benefits provided to individual employees. Where the total taxable value of fringe benefits provided to an employee exceeds \$2000 in a FBT year, employers will be required to report the grossed-up taxable value of those benefits on the employee's Payment Summary for the corresponding income year. For further information regarding reportable fringe benefits, visit the ATO assist web site at www.ato.gov.au.

After entering the Reportable Fringe Benefit amounts, click **Next**.

7. Review Individual Payment Summaries

You now have the opportunity to review the figures that will appear on each employee's Payment Summary. Click the zoom arrow beside each employee's name. You can change the figures or descriptions given to the union fees or allowances for the individual employees. Note that any figures that you change in this window will show with an asterisk (*) next to them. To change the figure(s) back to their original amounts click the **Recalc** button.

IMPORTANT: You need to enter Tax File Numbers (TFN) for all employees whether you print Payment Summaries for them or not. You can enter your employees' TFN in the Employee Payment Summary Information window or in the employee cards.



If an employee does not have a TFN, use one of the following numbers provided by the Australian Tax Office:

Payee Status

	TFN
Payee is under 18 years of age and earns \$112 or less a week	333 333 333
Payee is a Commonwealth Government pensioner	444 444 444
New payee has not made a TFN Declaration, but 28 days have not passed	111 111 111
Payee chooses not to quote a TFN and has not claimed an exemption from quoting a TFN or does not fit into any of the above categories	000 000 000

8. Save and print Payment Summaries

Once you have reviewed the individual Payment Summaries, you have the option to Save and Print Payment Summaries. The entries will be checked for compliance with the ATO standards, for example the system will check that all employees have a valid Tax File Number. When you save the Payment Summaries they will be saved in the Payment Summaries folder in your software installation folder.

9. Verify your Payroll Information

Provides a summary of the number of records, total tax withheld, and total gross payments. Click **Preview Verification Report**, to view a report showing details of amounts reported for each employee. You can use this report to complete payment summaries manually if you want.

Number of Records: This will be the number of employees whose information is contained in the EMPDUPE file (even employees for whom Payment Summaries have not been printed). It does not include any employees whose Salary and Tax is equal to \$0.

Total Tax Withheld: This will be the total PAYG withheld for all employees.

Total Gross Payments: This includes total salary and wages for all employees. It does NOT include Allowances or Lump Sum Payments. Also note that each employees' Total Gross Payments will truncate the cents (as Payment Summaries do not include cents).

10. Create the EMPDUPE File

This window contains important information about the EMPDUPE file. The EMPDUPE file contains payroll information for all Individual Non-Business employees, whether or not you have selected to print Payroll Summaries for them. Before creating the EMPDUPE file, you should be sure that you have printed or saved all Payment Summaries and verified that the amounts on these Payment Summaries are accurate. Disks sent to the ATO must be in an ATO-acceptable format, such as CD, DVD, etc. See the ATO website for details of acceptable electronic media.

Click **Create EMPDUPE file**.

The Magnetic Media Information form is created by clicking on **Print Magnetic Media Form**. You will need to complete this form and send it to the Australian Taxation Office, attached to the disk containing the EMPDUPE file.

11. Finish

Click **Finish** to close the Payroll Summary Assistant window.

Step 6 Back up the company file

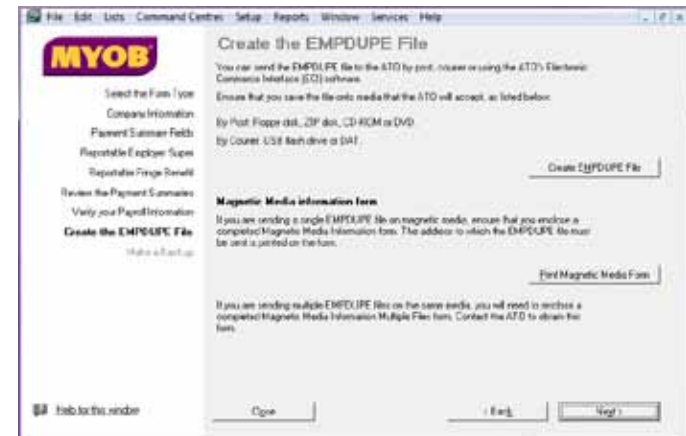
Make two backup copies of your company file and test them before you start a new payroll year.

For instructions on backing up your company file, see the step-by-step procedure on page 5.

Record your backup file names and locations here:

1.

2.



Step 7 Start a new payroll year

When all the tasks above have been completed, you are ready to start a new payroll year.

After starting a new payroll year:

- You will be able to enter paycheques for the new year.
- The previous year's Payroll History information will be cleared from the employee cards.
- Entitlement balances will be cleared unless the Carry Remaining Leave Over to Next Year option is selected in the Entitlement Payroll Category windows (accessible by going to the Lists menu, choosing Payroll Categories, and then Entitlements).

To start a new payroll year

1. Go to the **File** menu, choose **Start a New Year** and then choose **Start a New Payroll Year**. The **Start a New Payroll Year** window appears.
If you haven't backed up your company file, click **Backup**.
2. Click **Continue**. You will be presented with details of all the changes that will occur during the Start a New Payroll Year process. Read this carefully and then click **Continue**.
3. Specify the new payroll year. If you are closing the payroll year ended 30 June 2011, you would select 2012 as the new payroll year (as it covers the 2011/2012 years).
4. Click **Continue**. If you have backed up your company file, and are satisfied with the selections you've made in the Start a New Payroll Year windows, click **Start a New Payroll Year**.

The process may take some time if you have a large number of transactions or records in your company file.

Step 8 Load new payroll tax tables

After you roll over your payroll year and before you enter pays in the new year, you need to load the current year's payroll tax tables. Note that before you can do this, you will need to have installed the 2011 compliance update for your software version. The compliance update can be downloaded from the MYOB website.

To load the new tax tables, go to the **Setup** menu and choose **Load Payroll Tax Tables**. Click **Load Tax Tables** in the window that appears.

To check you have the correct tables loaded, go the **Setup** menu and choose **General Payroll Information**. In the window that appears, the tax table revision date should be 1/7/2011.

Flood Levy

The 2011 compliance release includes new tax tables to handle the temporary flood levy. This is a temporary levy that only applies for the 2011-2012 financial year.

When you load the 2011-2012 tax tables, the flood levy is automatically assigned to your employees. When you record employee pays, the levy is deducted from pays in the same way as the Medicare levy.

If you have employees that are not required to pay the levy, you need to assign a flood levy exempt tax table to their employee cards. These exempt tax tables are indicated by Ex FL at the beginning of the code. For information about making an employee exempt from the flood levy, see your software's help.

Paid Parental Leave

The national Paid Parental Leave scheme started on 1 January 2011. It provides eligible working parents with 18 weeks of Parental Leave Pay at the National Minimum Wage, currently \$570 a week before tax.

For information on setting up your software for this scheme, refer to Support Note 33014 "Paid Parental Leave scheme" which can be found at myob.com.au/supportnotes

For more information on the Paid Parental Leave scheme, go to the Family Assistance Office website (familyassist.gov.au).

Once this process is complete, **you're done!**