



SETTING UP AND USING XERO FOR SMALL BUSINESS

Training Manual

Version 11





Setting up and using Xero for small business, Version 1.1

Editor: Melissa Keenan and Olivia Smith

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ISBN 978-0-646-97097-4

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Special mention and thanks to trial participants who offered valuable feedback on this training manual.

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INTRODUCTION TO TRAINING MANUAL

The purpose of this training manual is to provide the knowledge and skills to use Xero and to set up and operate Xero for small business.

Relationship to Competency Standards

This manual will introduce the learner/student to Xero, and will detail how to implement the integrated accounting system. Next the learner/student will process transactions, maintain the system and produce reports from the software. Finally the student will learn what ensures system integrity in Xero.

Quickstart Guide

What you will need

- access to the internet
- MS Excel, or other spreadsheet editing software
- exercise files
- an email address
- One of the following internet browsers
 - Google Chrome (PC and Mac)
 - Internet Explorer (IE) 11 (PC)
 - Mozilla Firefox (PC and Mac)
 - Safari 8 (Mac)



Important: Xero does not support any beta versions of internet browsers or alternative open source builds of them.

Make sure that cookies and JavaScript are enabled in your browser.

Let's Get Started

You will need to setup a Xero trial from this address: <https://www.xero.com/au/teaching-accounting>

The trial will expire after 30 days, if you take longer than this to complete the workbook you will need to start a new trial and start over. For ease of identification, your trainer may request that you name your Xero trial organisation using your student id number and/or name.

You will need to download the exercise files from: <https://www.xero.com/au/teaching-accounting/exercise-files>

Register for the free Xero trial and demo company

Access Xero free for 30 days. After this time, the demo company data is reset and you'll need to begin a new trial.

 I'm not a robot 
 I have read and I agree to the [terms of use](#), [privacy policy](#) and [offer details](#)

The exercises contained in this workbook are designed to simulate the best practices in setting up and operating Xero. Throughout the course you will set up and operate a fictitious business, Julie's Flowers, from the trial organisation.

Once you have created your trial organisation, we recommend that you invite your trainer in as a user to make it easy to review and provide feedback on your work. We recommend that trainers be invited as a user with Read only access. Instructions on how to add users can be found here: https://help.xero.com/au/Settings_UsersAdd

What to do if you need help

A glossary is provided in the workbook to help you understand terminology that you may not be familiar with, please use the glossary as a reference point.

Students are advised to ask their trainer if assistance is required to work through these materials. Please do not contact Xero support, our support team will not be able to provide assistance in relation to the workbook material. As a trainer if you are experiencing issues with Xero or the workbook please contact us at training@xero.com

The Xero business help centre is an online resource that both trainers and students can access for practical solutions and information on how to use Xero.

You can access the help centre at: <https://help.xero.com/au>

Students should be advised that: you won't find direct solutions to the course activities in the help centre, just to be clear on this!

Prerequisites

There are no prerequisites, however basic knowledge of bookkeeping and accounting concepts are advantageous.

Exercise Navigation

This course is made up of 15 modules, including this introduction.

Each of the modules will introduce certain concepts around using systems and programs for planning, implementing, monitoring and reporting. In this context the systems used are Xero Accounting Software and MS Excel (or other spreadsheet software).

Each time you are required to do an exercise, you will see numbered steps. We recommend doing each exercise in order.

You will be using a combination of both a trial version (which you will create), and the sample Demo Company. Throughout the course you will set up and operate a fictitious business, Julie's Flowers, from your trial organisation.

Glossary

- **Business Edition**

Business edition of Xero is available to any organisation who wishes to sign up directly from Xero's website and use the software. Business edition has a variety of pricing plans which determine what features are included.

- **Check your Progress**

At the end of each module, there will be a 'Check your Progress' list. This checklist will ensure that all tasks outlined in the exercises have been achieved. The items on the checklist are directly related to the exercises and learning outcomes.

- **Cloud Based**

Xero is 100% cloud based. This simply means Xero is accessed and used online through a browser or mobile app, connected to the internet.

- **Dashboard**

Each organisation on Xero contains a Dashboard which summarises activity in the organisation's bank accounts, accounts payable, accounts receivable, expense claims and can be customised to include account summaries from the other general ledger accounts.

- **Demo Company**

The Demo Company is a sample organisation, populated with fictional data which can be used for training and testing.

- **General Ledger**

The general ledger accounts are the organisation's accounts in which all accounting transactions are posted to. When any type of transaction is created in the software, the general ledger account that the transaction was posted to is updated in real-time. Individual general ledger accounts are often referred to as simply 'accounts'.

The general ledger accounts in an organisation are collectively referred to as the 'Chart of Accounts'.

- **Learning Outcomes**

The learning outcomes will preface each module. They will outline the knowledge and skills that you will achieve as a result of successfully completing the module.

- **Navigation**

During exercises, page elements or buttons to interact with will be in **bold**. E.g. Click on the **Next** button.

Navigating from one screen to another will be shown by '>'. E.g. to go from the Dashboard to the General Settings screen, you will see **Dashboard > Settings > General Settings**.

- **“Notes” in Blue**

Trainer notes, additional concepts and theory presented in this manual.

- **My Xero**

Each Xero user has access to a ‘My Xero’ page. This page contains a list of all the organisations that the user is a subscriber for and has access to. Subscriptions, billing, and other account settings specific to a user can be managed from here. Each user’s My Xero includes a link to the Demo Company.

- **Organisation**

An organisation on Xero, is an entity’s account. Other software may refer to an organisation as a ‘file’. An organisation on Xero can be any type of entity (company, trust, partnership etc.), on any version of the software.

- **Partner Edition**

Partner edition is for Accounting and Bookkeeping partners to manage their clients’ organisations. It contains additional features that enable advisers to manage their client’s organisations.

- **Screenshots**

Screenshots of certain features are used throughout, to accompany the exercises and theory. The screenshots in this manual are generated from Mac OS and MS Excel. As such, they may differ from exactly what you see if you are on another system or version of MS Excel / Spreadsheet software.

- **Subscriber**

The user who initially created the organisation effectively ‘owns’ it, and the data that it contains. This user is called the subscriber. Only the subscriber of a trial can upgrade the organisation to a paid subscription. The subscriber also ultimately controls who has access to the organisation, and which level of access each user should have.

- **Subscription**

A paid version of Xero for an organisation, charged as a monthly subscription. A subscription covers one organisation, but can have unlimited users accessing and using the organisation.

- **The Single Ledger**

The concept of the Single Ledger is unique to Xero. Many other platforms, including desktop software, require multiple instances of an entity’s accounts to be updated in multiple locations, by multiple users. This means that organisation data is often out of sync and each location and user has access to different data. As Xero is 100% cloud based, all transactions made by any user, at any time, from any location, are updated in real time to the same general ledger accounts.

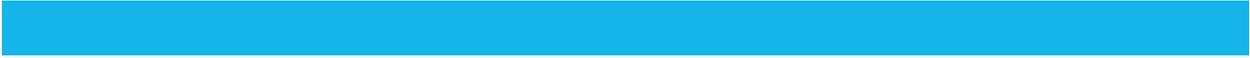
- **Trial**

You can start a trial on Xero, which allows for free and full access to the software for an organisation for 30 days. If you decide to subscribe to a paid version of this organisation after 30 days, all data that was entered into the trial is retained. If you don't upgrade to a paid subscription after 30 days, the trial will be locked for a period of time and eventually deleted.

If you'd like to start additional trials, you are able to do so from your My Xero page.

- **User Account**

Each individual who subscribes to, or has access to an organisation, has their own account associated with their email address and password. A user account can be created when a trial is signed up for, or when a new user is invited into an organisation.



1. Getting Started with Xero

Learning Outcomes

By the end of this module, you will be able to:

- [sign up for a Xero account](#)
 - [sign up for a trial organisation](#)
 - [access the Demo Company](#)
 - [navigate between the Demo Company and your trial](#)
 - [access the help centre](#)
 - [understand how data is imported and exported in bulk](#)
 - [export a CSV file out of Xero](#)
 - [import a CSV file into Xero](#)
-

GETTING STARTED WITH XERO

Welcome to Xero

Xero is beautiful online accounting software designed for small to medium businesses. As a subscription based service, Xero is 100% cloud-based and all transactions happen in real-time, ensuring that you have the most up-to-date financial information at your fingertips. There is no additional cost or limit for the number of users that can be invited into a Xero file, this means that small business owners, accountants, bookkeepers and other advisers can work together on a single ledger. Xero's intuitive design promotes efficiency and collaboration for small businesses and their advisers.

Accessed from any internet ready device, Xero's key functions include:

- invoicing
- bills
- banking
- inventory
- fixed assets
- reporting

Because the system is in the cloud, there is nothing to download or install; all updates, security and maintenance happen behind the scenes automatically.



Info: there are two editions of Xero. Partner edition, and business edition. Partner edition is for Accounting and Bookkeeping partners to manage their clients' organisations among other additional tools.

My Xero - Partner Edition

The key difference of partner edition is the My Xero page as shown below. It is visibly different (the header navigation bar is green instead of blue - see following screenshot) and there is an education and tools tab available. Business edition is used when an organisation has signed up directly from [xero.com](https://www.xero.com). For this course, you will be using the business edition.

The screenshot shows the My Xero dashboard. At the top, there is a green navigation bar with the 'My Xero' logo and the user's name 'Jamie Wells'. Below this is a secondary navigation bar with tabs for 'Home', 'Staff', 'Reports', 'Education & Tools', 'Subscriptions & Billing', and 'Settings'. The main content area displays a welcome message: 'Hi Jamie, you last logged into Guide Kick today at 2:12 PM'. Below the message is a table of organisations. The table has columns for 'Name', 'Last viewed', 'Access', 'Staff access', and 'Subscription'. The organisations listed are: 'Acme toys' (41 unreconciled lines), 'Foxglove Design' (15 unreconciled lines), 'Foxglove Studios' (viewed today at 11:27 AM), another 'Foxglove Studios' (13 Mar 11:13 AM), 'GST in Xero' (Setup progress bar), 'Hello Sunday Morning' (48 unreconciled lines), and 'Have Create' (04 Jun 7:29 PM).

Sign up for a Xero account and add a trial organisation

In this course you will sign up to Xero to use **both a trial version of Xero and the Demo Company to complete exercises.**

A trial allows you to create a new organisation in Xero and gives you free access to all features for 30 days. After this point, you will be required to purchase a subscription to continue with this organisation. After your initial trial, you are able to add further trials from scratch under the same login details.

This exercise will step you through the initial Xero account sign up, along with the creation of the trial organisation.

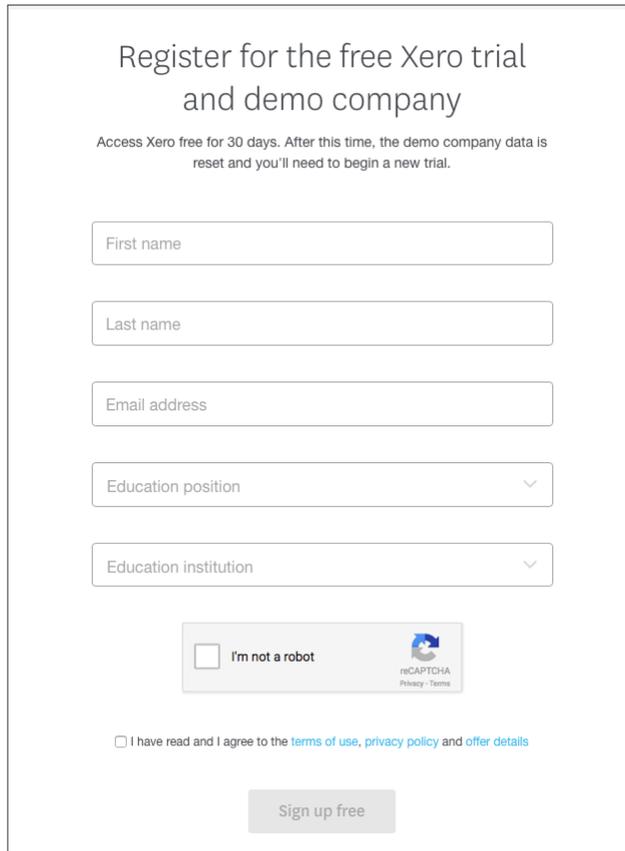


Important: you only have to sign up for a trial once, the first time you use Xero. If you already have a Xero account, you may start a new trial and begin this exercise from Step 7.

EXERCISE 1.1

The following exercise will create a Xero account for a first time user. If you have previously used Xero with the same login email address the process will differ and you will need to login first then select + New Organisation to set up your trial.

1. To sign up, go to <https://www.xero.com/au/teaching-accounting/>



Register for the free Xero trial
and demo company

Access Xero free for 30 days. After this time, the demo company data is reset and you'll need to begin a new trial.

First name

Last name

Email address

Education position

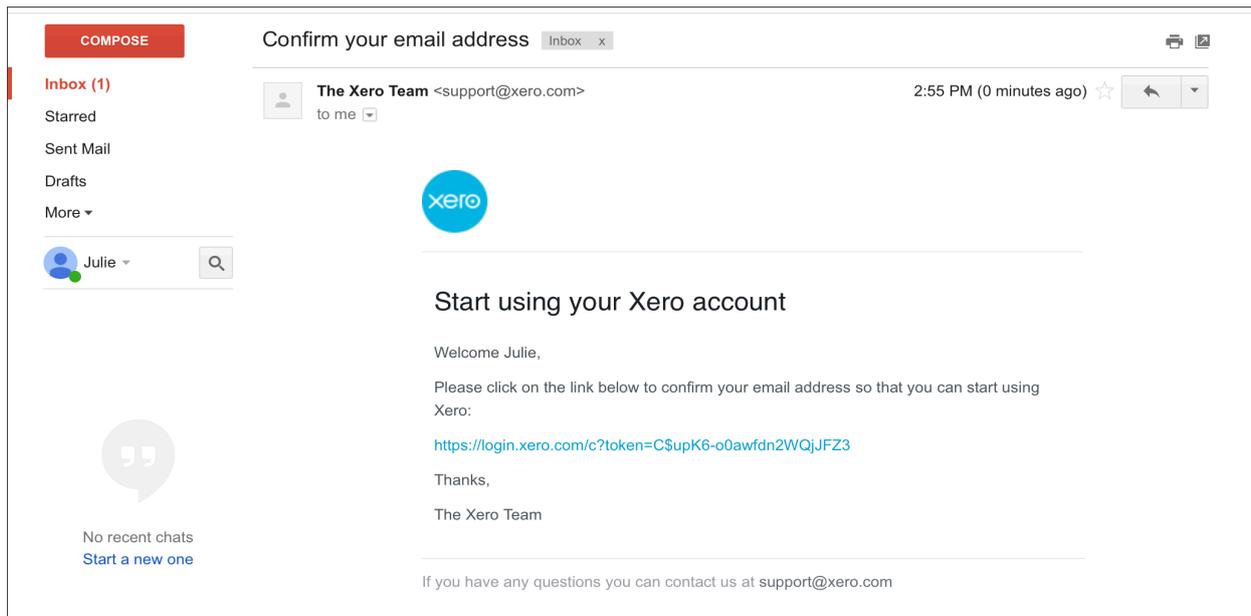
Education institution

I'm not a robot 
reCAPTCHA
Privacy - Terms

I have read and I agree to the [terms of use](#), [privacy policy](#) and [offer details](#)

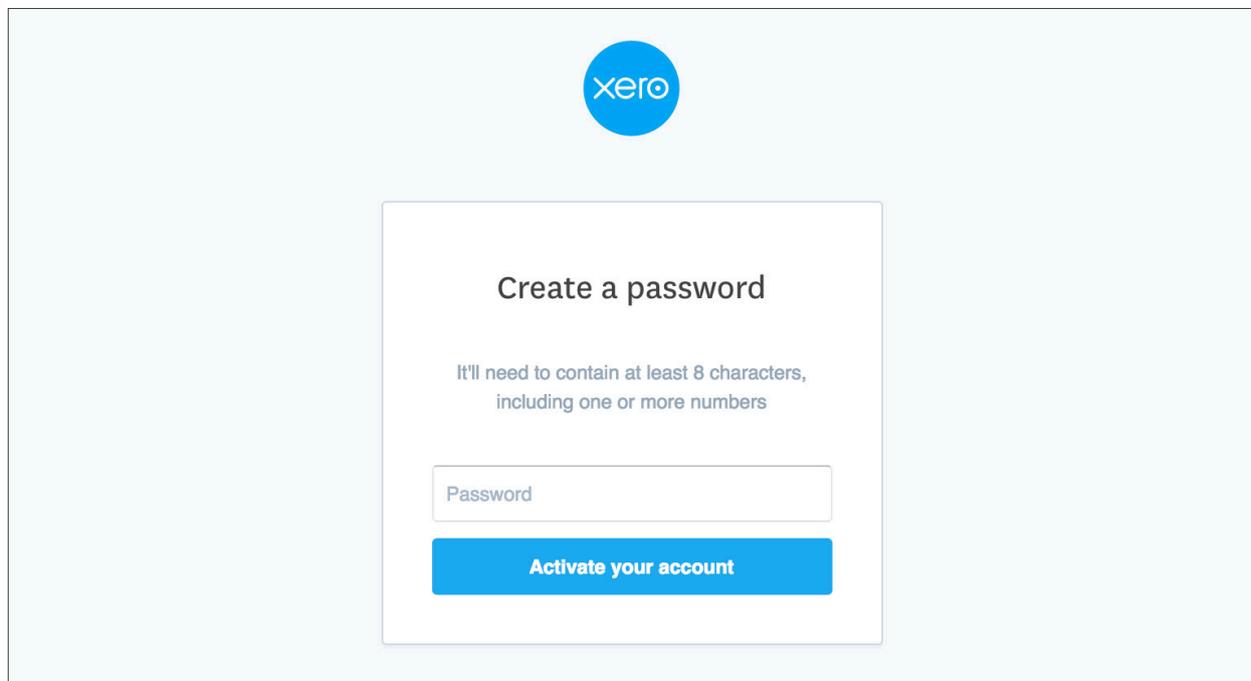
Sign up free

2. Enter your first name, last name, email address, education position and education institution.
3. Tick the box to confirm that you're not a robot and ensure that you have selected 'I have read and I agree to the Terms of Use and Privacy Policy'.
4. Click the  button.
5. An email containing a confirmation link will be sent to the email address you provided in the signup form. Click on the link to confirm your email.



This will take you to a page, which will allow you to create a password for your account.

6. Create a password and **click** the **'activate your account'** button.



This will take you to a page, which will allow you to create your trial organisation.

You will be adding a fictitious business to Xero, Julie’s Flowers, which will be used for the exercises throughout this course.

7. From the following information, complete the table below and enter the following details into your Xero organisational setup:

Julie’s Flowers is a new floristry business that operates a retail store and organises events. They are based in Melbourne, Australia. During the business setup procedures they have registered for GST.

Field	Details
What is the name of your organisation?	
Where does your organisation pay taxes?	
What is your time zone?	
What does your organisation do?	
Are you registered for GST?	

Add your organisation to start using Xero now

What is the name of your organisation?	<input type="text" value="Julie's Flowers"/>
Where does your organisation pay taxes?	<input type="text" value="Australia"/>
What is your time zone?	<input type="text" value="(UTC+10:00) Canberra, Melbourne, Sydi"/>
What does your organisation do?	<input type="text" value="Flower Retail"/>
Are you registered for GST?	<input checked="" type="checkbox"/> Yes, calculate GST on transactions for me
Using MYOB or Reckon?	Move your data to Xero for free.
<input type="button" value="Start Trial"/> or <input type="button" value="Buy Now"/>	

[Try the Demo Company \(AU\)](#) Have a play, try out new features and get familiar with Xero.

8. Click the Start Trial Button

You have now created your Xero trial. You will land on the Xero Dashboard. If your dashboard looks slightly different to the one shown below, don't stress, we're just making further updates and improvements to the product to create a more beautiful experience for our customers.

Julie's Flowers | Julie Flowers

Dashboard | Accounts | Payroll | Reports | Contacts | Settings

Julie's Flowers

Watch the [getting started video](#)

- Connect your [bank feeds](#)
- [Add your organisation details](#) to keep in touch with your customers

[Show more](#)

Import your bank transactions
Connect your bank accounts to automatically import and categorise your transactions.
[Add bank account](#)

Add your first invoice
Send beautiful, customisable invoices to your clients and receive payments online.
[New sales invoice](#)

Track your cashflow
See how much cash your business has and make sure it can cover upcoming bills.
Add an [invoice](#) or [bill](#) to get started.

Add your first bill
See upcoming bills and planned payment dates so there are no surprises.
[New bill](#)

My Xero

The My Xero page is an important feature of your Xero login.

My Xero allows you to:

- manage your Xero trial
- add another trial or paid subscription
- manage billing for your subscriptions
- Access organisations you are a user of
- Use the Demo Company

The Demo Company is a sample company which has been pre-populated with fictitious transactional data. It is always available for your use, free of charge. It is a great environment for testing functionality in Xero, as you can refresh the data if you make a mistake.

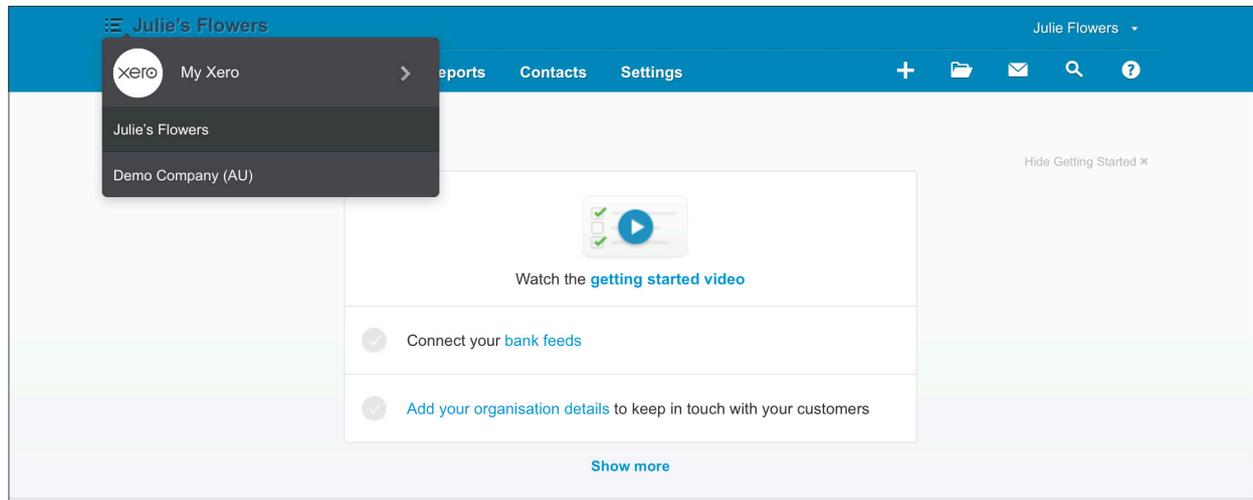


Important: The sample data in the Demo Company will refresh automatically every 30 days, which is important to note if you have made edits to the data.

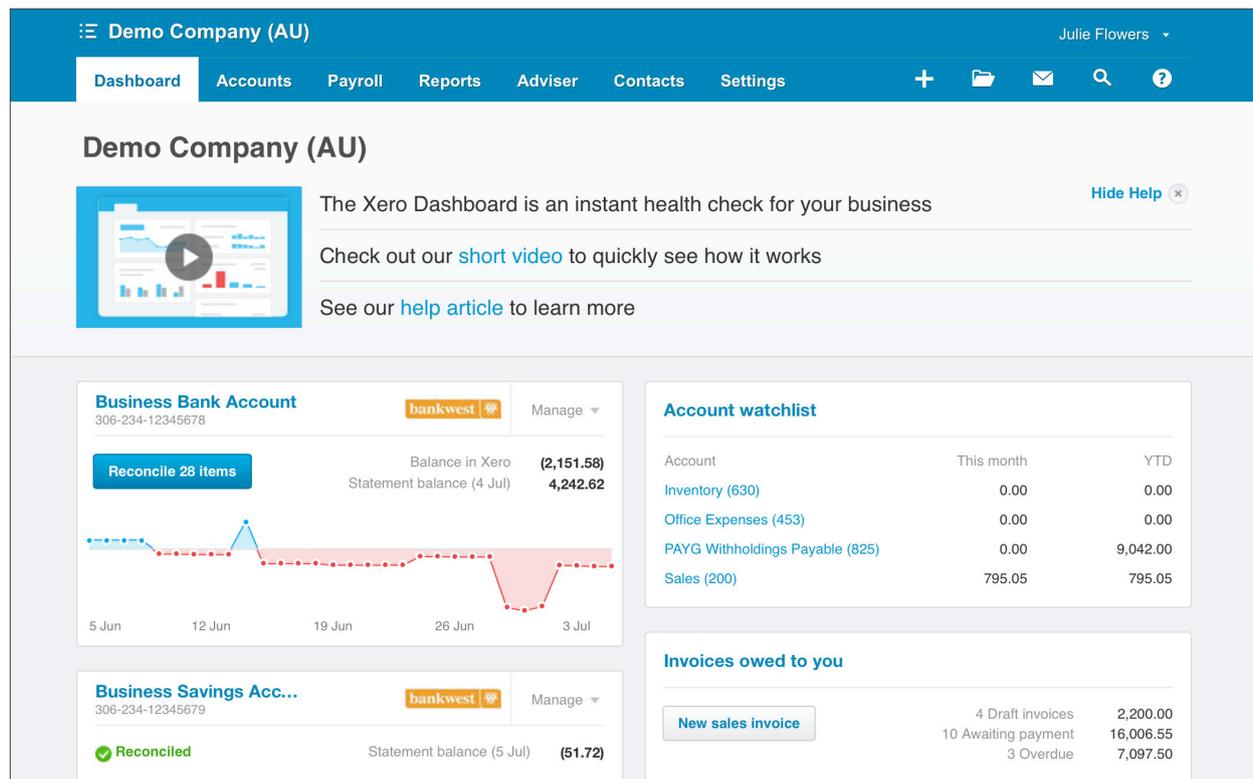
EXERCISE 1.2

In this exercise, you will access the My Xero page and the Demo Company.

1. From the Xero Dashboard, click on the  icon next to Julie's Flowers.



2. Click on the link **'Demo Company (AU)'** This will bring up the Dashboard of the Demo Company.



Business Bank Account (bankwest) Manage

306-234-12345678

Reconcile 28 items

Balance in Xero: (2,151.58)
Statement balance (4 Jul): 4,242.62

Account	This month	YTD
Inventory (630)	0.00	0.00
Office Expenses (453)	0.00	0.00
PAYG Withholdings Payable (825)	0.00	9,042.00
Sales (200)	795.05	795.05

Business Savings Acc... (bankwest) Manage

306-234-12345679

Reconciled

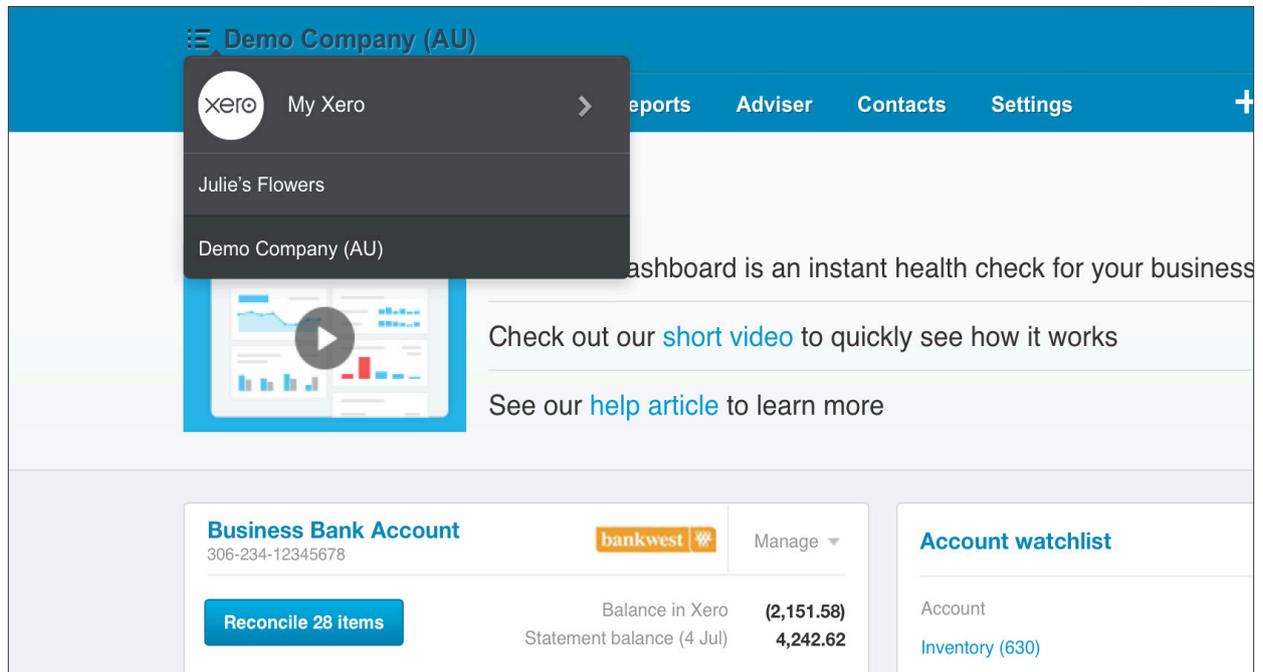
Statement balance (5 Jul): (51.72)

Invoices owed to you

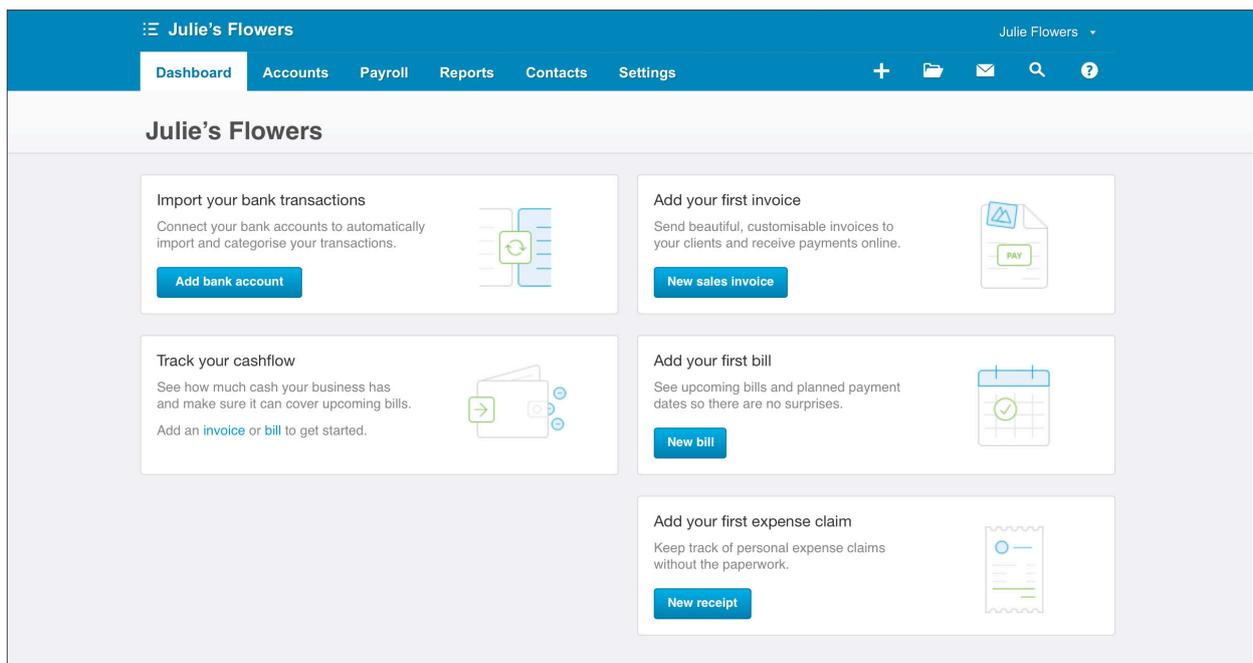
New sales invoice

4 Draft invoices	2,200.00
10 Awaiting payment	16,006.55
3 Overdue	7,097.50

3. Navigate from the Demo Company back to your Julie's Flowers trial by clicking on the  button and selecting Julie's Flowers.



You will land back on the Dashboard of your Julie's Flowers trial organisation.



Help Centre and Support

All users of Xero have access to free, online help. We provide a help centre which contains up-to-date and comprehensive content relating to Xero features, processes and fundamentals.

To access the help centre, simply navigate to: <https://help.xero.com/>

Xero Business Help Centre

Login | Practice Studio Help Centre

XERO

Guide Community

Xero Business Help Centre

Search the Help Guide

Help with anything Xero

Getting started, setting up bank accounts, or using any of Xero's features? This guide provides comprehensive help.

Getting Started

How to set up an organisation and navigate around in Xero. Also learn how to convert to Xero from another system.

Using Xero Day to Day

Reconciling bank transactions, creating invoices, paying bills and many more everyday features of Xero explained.

The Accounting Behind Xero

Learn about accounting used in Xero. Understand how Xero deals with typical accounts and transactions.

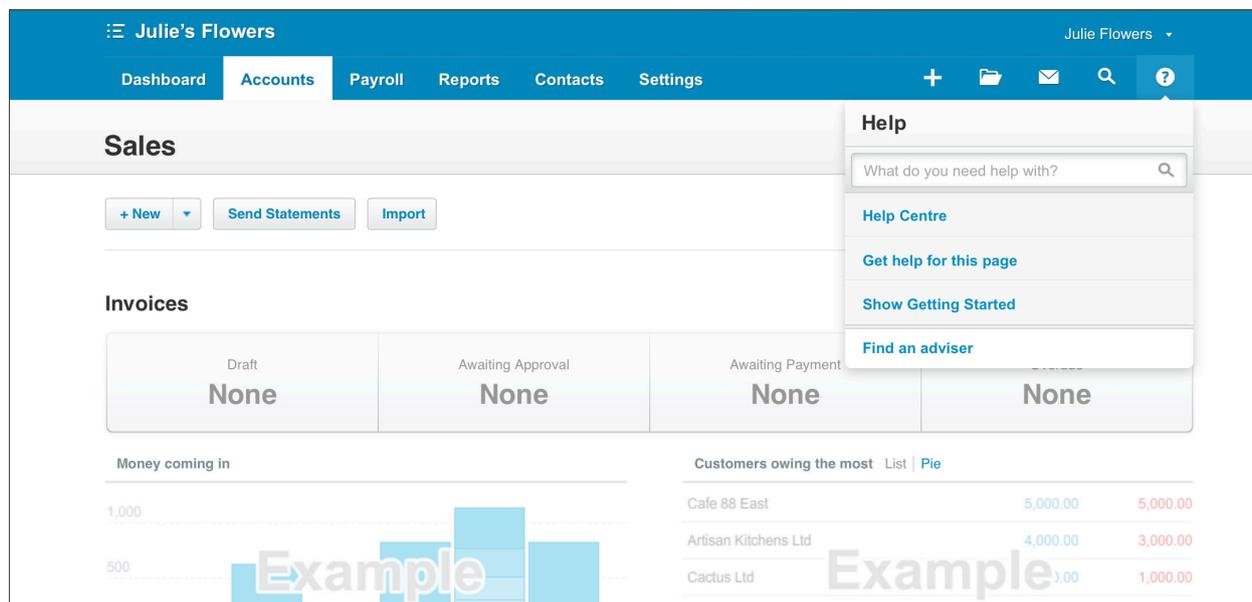
The best way to find what you need in the help centre is to use the search function. For example, if you would like to learn how to send an invoice, searching using the term 'invoice' will bring up articles in order of relevance.

You can also access the help centre from within Xero. This means that you don't have to leave the page to search for help. The next exercise will show you how.

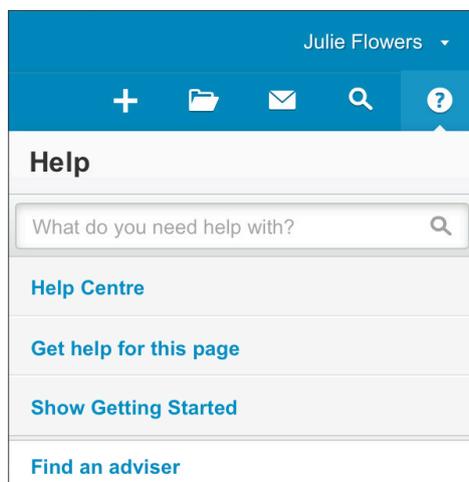
EXERCISE 1.3

In this exercise, you will learn where to access help from within Xero.

1. Starting on the Dashboard of Julie's Flowers, click on **Accounts > Sales**
2. From the Sales screen, click on the question mark button 
3. You will see a general link for the help centre here. You will also see an option for 'get help for this page', select this link.



The screenshot shows the Xero interface for Julie's Flowers. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Accounts' menu is expanded to show 'Sales'. A 'Help' dropdown menu is open, displaying options: 'What do you need help with?' (with a search icon), 'Help Centre', 'Get help for this page', 'Show Getting Started', and 'Find an adviser'. The main content area shows 'Sales' with buttons for '+ New', 'Send Statements', and 'Import'. Below this is an 'Invoices' section with a table showing 'Draft', 'Awaiting Approval', and 'Awaiting Payment' categories, all with 'None' counts. At the bottom, there are two charts: 'Money coming in' (a bar chart) and 'Customers owing the most' (a table with columns for customer name, amount, and another amount). The table lists 'Cafe 88 East' (5,000.00), 'Artisan Kitchens Ltd' (4,000.00), and 'Cactus Ltd' (1,000.00). Large 'Example' watermarks are overlaid on the charts.



This is a close-up of the 'Help' dropdown menu from the Xero interface. It features a search bar at the top with the placeholder text 'What do you need help with?' and a search icon. Below the search bar are four menu items: 'Help Centre', 'Get help for this page', 'Show Getting Started', and 'Find an adviser', all in blue text.

You'll be taken directly to the article relevant for the page, in the Xero help centre:

The screenshot shows the Xero Business Help Centre interface. At the top, there is an orange header with 'Xero Business Help Centre' on the left, 'Login | Practice Studio Help Centre' on the right, and the Xero logo. Below the header, there are two tabs: 'Guide' (selected) and 'Community'. A search bar is located in the top right corner of the main content area, containing the text 'Search the Help Guide' and a magnifying glass icon. The main content area is titled 'Sales dashboard'. On the left side, there is a navigation menu with the following items: 'Frequently Asked Questions', 'Xero terms and definitions', 'Getting started', and 'Using Xero day to day'. Under 'Using Xero day to day', there is a list of sub-items: 'Add-ons', 'Bank accounts', 'Bank feeds', 'Bank statements', 'Bank reconciliation', 'Bank rules', 'Bank transactions', 'Budget', 'Business Performance', 'Cash & cheques', and 'Chart of accounts'. The main content area contains the following text: 'Sales dashboard' followed by a paragraph: 'The Sales dashboard shows a summary of the invoices awaiting payment by customers, invoices awaiting further processing, quotes you have created, outstanding billable expenses, and money due to come in. From here you can also create new invoices, quotes and credit notes, and you can review and send customer statements.' Below this text is a yellow callout box with the text: 'To get to the Sales dashboard, go to **Accounts > Sales**.' At the bottom of the main content area, there is a list of links: 'Add or edit invoices, quotes and credit notes', 'Import invoices and credit notes from Xero or another system', 'Send invoices, quotes and credit notes', 'Send and view customer statements', 'Search invoices, quotes and credit notes', and 'Monitor money coming in using the bar graph'.

Whichever page you are on within Xero, you will be able to use the 'Get help for this page' to learn about a particular function.

Importing and Exporting data

Along with entering information directly into Xero, there are certain functions of Xero which allow for bulk upload of transactions and other data via .CSV file, or other spreadsheet types.

This type of upload is particularly helpful if you have a large amount of data to enter or update at one time.

Not every function in Xero allows for this type of upload, but some key areas that do are:

Function	Formats
Invoices (AR)	.CSV, .TXT
Bills (AP)	.CSV, .TXT
Bank Statements	.CSV, .OFX, .QIF
Chart of Accounts	.CSV, .TXT
Contacts	.CSV, .TXT
Inventory Items	.CSV, .TXT
Fixed Assets	.CSV, .TXT

Along with bringing information into Xero via import, you are also able to export data from Xero into certain file types.

In addition to exporting data from certain fields in CSV format, in some cases you are able to export in Google Docs, .XLS and PDF format.

For a full list of fields, and which file types and templates to use for import and export, please refer to our help centre article: <https://help.xero.com/au/ImportExport>

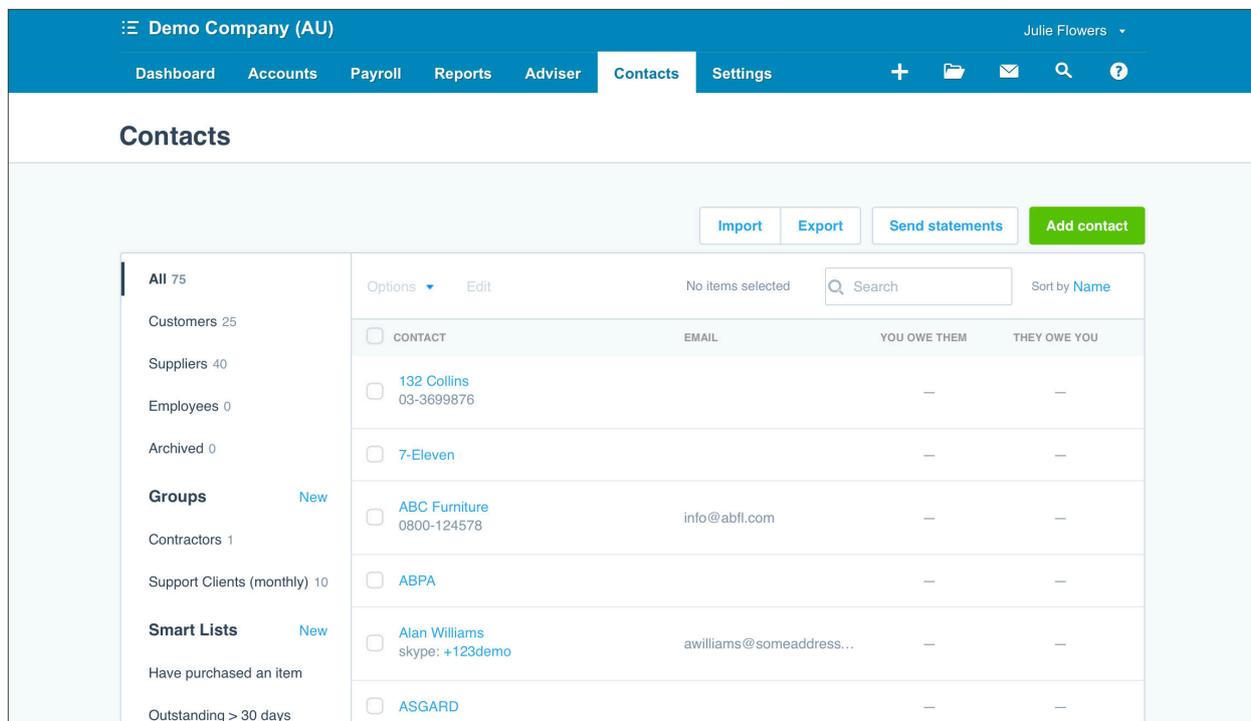
Notes

EXERCISE 1.4

The following exercise is designed to teach you how the CSV export and import process works, and will allow you to apply the principles learned in other exercises in later in this course.

You will use the Demo Company to export a contacts list, and you will then import the contacts into your Julie's Flowers trial.

1. Navigate to the Demo Company dashboard (if you recall, you can switch between your Xero organisations from the  menu at the top left of your screen). Click on **Contacts** > **All Contacts**. You will see a list of sample contacts.



CONTACT	EMAIL	YOU OWE THEM	THEY OWE YOU
132 Collins 03-3699876		—	—
7-Eleven		—	—
ABC Furniture 0800-124578	info@abfl.com	—	—
ABPA		—	—
Alan Williams skype: +123demo	awilliams@someaddress...	—	—
ASGARD		—	—

2. Click on the 'Export' button, which is above where the contacts are listed. This will export all of the sample contacts into a CSV file. The download should begin automatically and will be named: Contacts.csv
3. Once the download is complete, open Contacts.csv in MS Excel (or another spreadsheet application)
4. Save the CSV to a readily accessible folder of your choice (e.g. Documents, Desktop). Ensure that the name and file extension remains as .csv
5. From the Demo Company, navigate back to your Julie's Flowers trial organisation. Click on the  icon > **Julie's Flowers**.

A	B	C	D	E	F	G	H
*ContactName	AccountNumber	EmailAddress	FirstName	LastName	POAttentionTo	POAddressLine1	POAddressLin
132 Collins							
7-Eleven							
ABC Furniture		info@abfl.com	Trish	Rawlings			
ABPA							
Alan Williams		awilliams@someaddress.co					
ASGARD							
ATO							
Bank							
Bank West		procteam@bwb.co				Procurement	GPO 1234
Bankrock Station							
Basket Case					Mary Munn	Shop 14 Ridgeway Mall	500 River Roa
Bayside Club		secretarybob@bsclub.co	Bob	Partridge	Club Secretary	P O Box 3354	South Mailing
Bayside Wholesale							
Berry Brew							
Blue Winn Polytechnic							
Boom FM		boom@radiooz.co				Radio OZ House	P O Box 5768
Brunswick Petals							
Business Savings Bank							
Capital Cab Co							
Carlton Technical Books							
Carruthers & Smale						P O Box 3331	GPO
Central Copiers							
Central Documentation Services							
City Ambassadors Association						P O Box 4321	Central Mailing
City Limousines		scott@citylimousines.com	Scott	Mercer		13 Waverly Park Rd	
Cube Land		info@cubeland.co				13 Matilda Ave	Southbank



Info: You will notice that the columns headings across the top match the entry fields in Xero. e.g. ***ContactName** and **EmailAddress**.

You might recognise these fields from the Contacts screen in the Demo Company. The column headings serve as a map for Xero to direct where the data should go when the CSV is imported.

Some columns contain an asterisk (*), in this case the ***ContactName** field, anytime you see a (*) next to a column, this is a required field. The required columns in the import file must have data populated in them in order for the import to process to work successfully.

The rows represent all of the contact entries that have been exported from Xero.

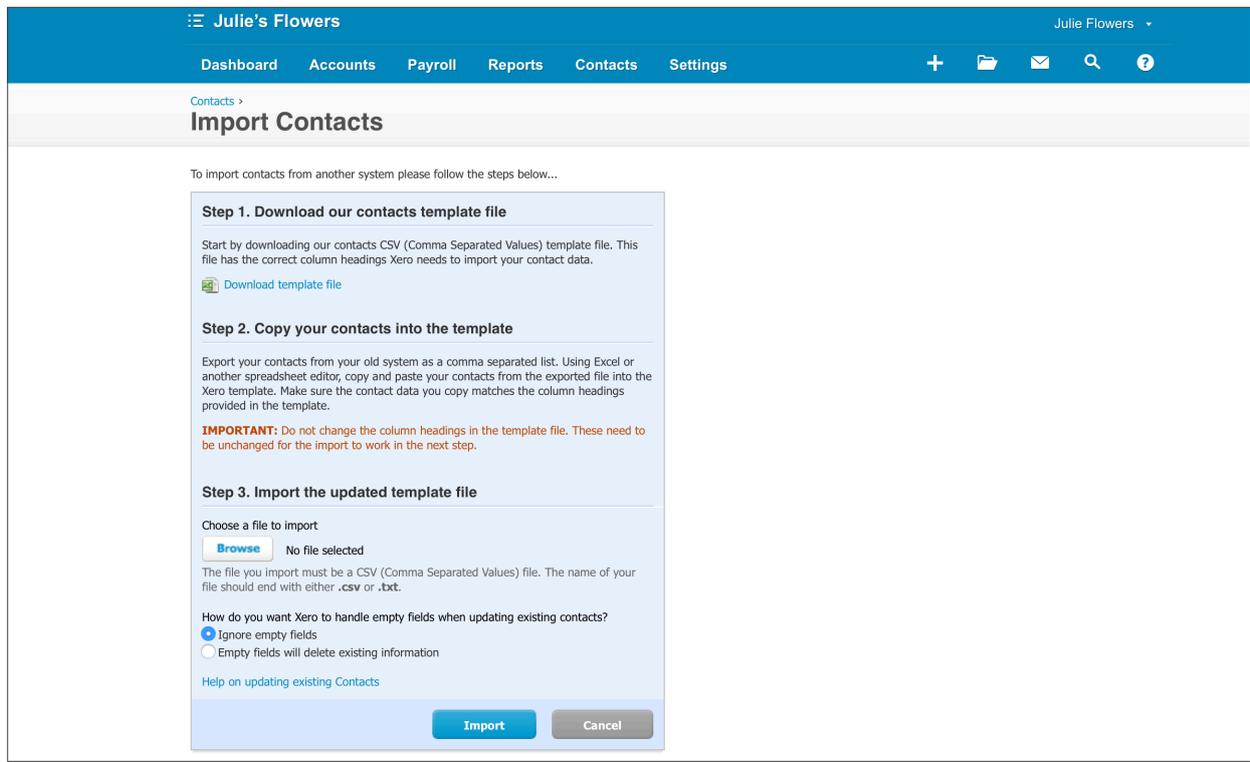
Under the required field ***ContactName**, there is an entry for each and every contact.

As the other rows are not required fields, there are some fields containing information and some fields which have been left blank e.g. **EmailAddress**.



Important: It's very important not to change the the column headings. Renaming, deleting, or changing the order of the rows along the top will cause the import to fail.

6. Click into **Contacts > All Contacts**, which should be empty.

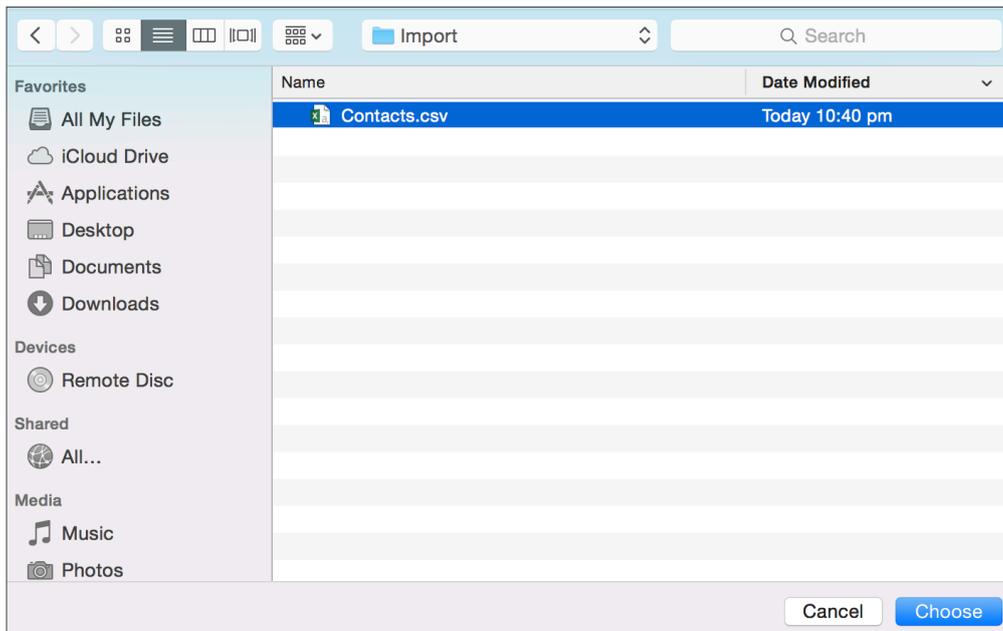


7. Click **Import**.

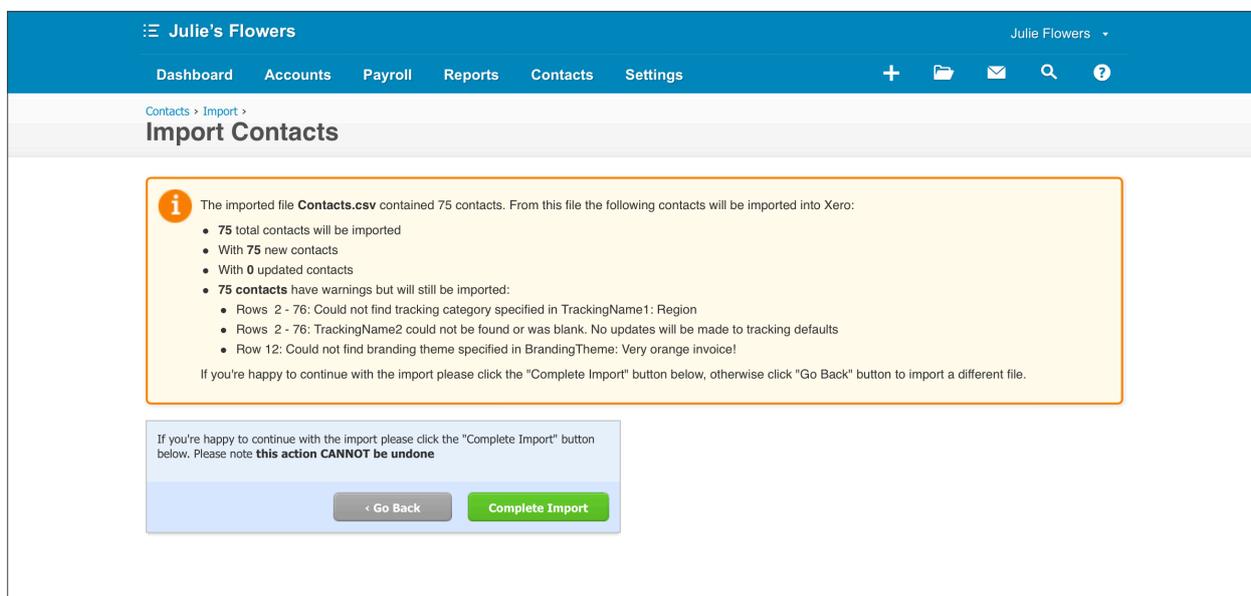
8. As we already have a contacts template ready to import, skip Step 2 on the import page and click on the **Browse** button.

9. This will allow you to select the Contacts.csv file that you saved earlier. Select this file and click or

10. Ensure that **Ignore Empty Fields** is selected.



11. Click **Import**.
12. An orange dialogue box will appear on the next screen which outlines what changes are occurring. If there are errors, warnings or if the import is rejected then this page will contain relevant information on why.



13. Click on **Complete Import**.

Contacts

75 contacts added. 0 contacts updated.

Import Export Send statements Add contact

CONTACT	EMAIL	YOU OWE THEM	THEY OWE YOU
132 Collins 03-3699876		-	-
7-Eleven		-	-
ABC Furniture 0800-124578	info@abfl.com	-	-
ABPA		-	-
Alan Williams skype: +123demo	awilliams@someaddress...	-	-

Now that the import is complete, you will see that each row contained in the CSV file, has been converted into a contact entry.

Backups and Security

To ensure system integrity, Xero takes care of backing up organisation data and has strict security procedures in place. We list all of our security practices on [our website](#).

Xero also provides additional security tools. These include:

- **Two-step authentication (2SA):** 2SA combines something you know (your email address and Xero password) and something you have (an app on your device creates a code) to create a second layer of protection for your account. This is available to all Xero users.
- **Login history tab:** each organisation on Xero contains a login history tab on the dashboard. This allows you to see the timestamp, location and IP address of each login to that account. This allows the user to spot unusual activity.



EXERCISE 1.5

Backup and Security Requirements - Case Study

Julie's Flowers has decided to change their accounting software. They would like to use Xero, but as part of their due diligence, they would like to investigate the security and backup policies of the software.

They would like to have a cloud based service that automatically takes on the task of backup, so that the risk of losing their own data is eliminated and so an offline backup is not required. Xero provides online backups only, which suits them fine.

Based on the case study and using Xero's security feature page [here](#) answer the following questions:

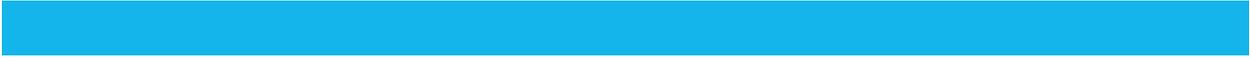
1. Julie's Flowers requires that the data is backed up. Does Xero provide backups of the software?

2. Which of the following security and backup features does Xero NOT have?

- Two-step Authentication
- Offline backup
- Encryption for data storage



Info: For more detailed information about our backup and security practices and policies, please see our Cloud Security page: <https://www.xero.com/au/accounting-software/security/>



2. Setting up Xero Basics

Learning Outcomes

By the end of this module, you will be able to:

- [access the general settings page](#)
 - [enter organisation settings](#)
 - [enter financial settings](#)
 - [enter a conversion date](#)
 - [change user access](#)
 - [add users](#)
 - [view user activity](#)
-

SETTING UP XERO BASICS

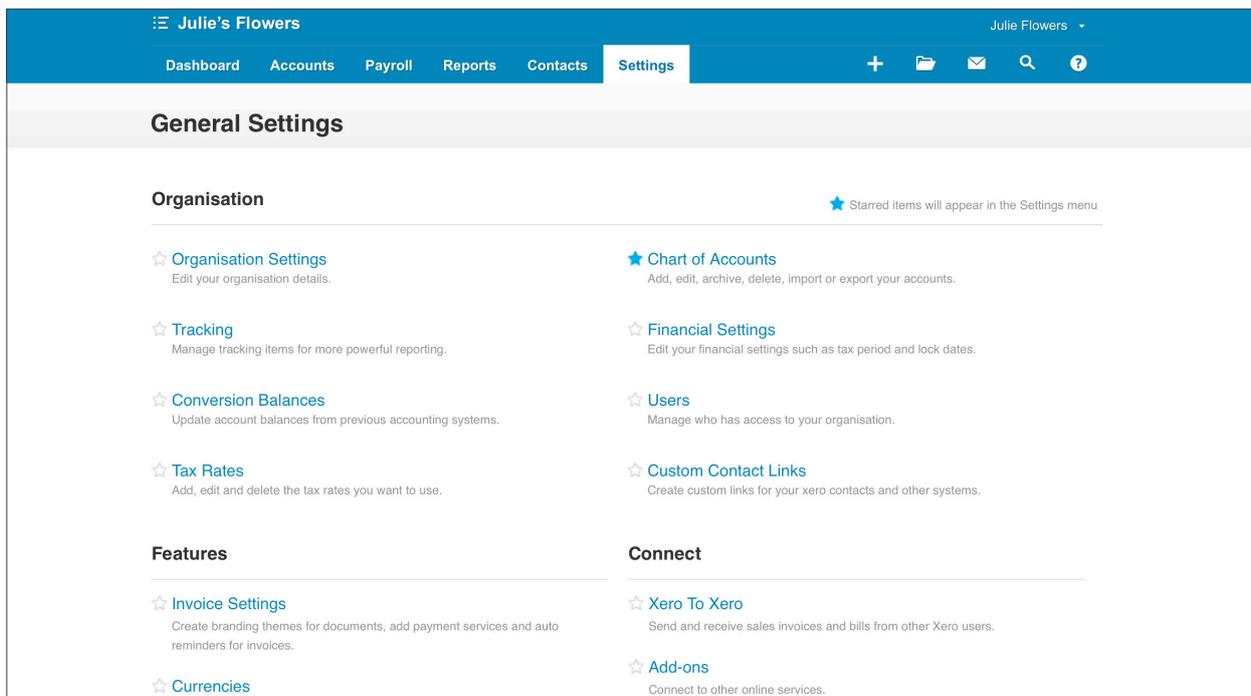
General Settings

In a Xero organisation, the General Settings page is where you can enter and update details about the organisation.

When you set up an organisation, there are certain details that should be added before the organisation is used. In this session, you will learn how to enter these basic settings.

If any details about the organisation change, it's easy to go back to the **Settings** page and update the details.

To access the General Settings page from the Dashboard, click **Settings > General Settings**





Important: anytime you see the star next to something on the Settings page (or elsewhere in Xero), you are able to click on this star to favourite it, or click again to remove the favourite. Favourites will allow the function to pop up in the drop down list, as shown below.

The screenshot shows the Xero interface for 'Julie's Flowers'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Settings' menu is open, showing options: 'General Settings', 'Favourites', 'Chart of Accounts', 'Organisation Settings', and 'Payroll Settings'. The 'Organisation Settings' option is marked with a blue star. On the main page, under 'General Settings', there are sections for 'Organisation' and 'Financial Settings'. 'Organisation Settings' is also starred and has the description 'Edit your organisation details.' 'Tracking' is unstarred and has the description 'Manage tracking items for more powerful reporting.' 'Financial Settings' is unstarred and has the description 'Edit your financial settings such as tax period and lock da...'. A note on the right says '★ Starred items will appear in the Favourites dropdown menu.' Below the screenshot are five horizontal blue lines.

Organisation Settings

The first details that should be added when you create a new Xero organisation are the organisation settings. This page contains the most basic details about an organisation and contact details.



EXERCISE 2.1

In this exercise you will enter the organisation details for Julie's Flowers.

1. In the **Organisation** section click > **Organisation Settings**
2. Select 'off' for include some of your information on the online invoices you send.
3. The details that you entered in the setup phase are already in here. Enter the additional information into the fields in organisation settings.

Field	Information	Notes
ABN	84111122223	Only valid ABN's can be entered
Organisation description	Beautiful flowers for special occasions, weddings and events.	
Postal address	380 Bank Street, South Melbourne, VIC, 3205	If you are entering a real address you can use 'Quick find'
Physical address	380 Bank Street, South Melbourne, VIC, 3205	Click checkbox 'same as postal address'
Telephone	03 3831 12345	
Email	juliesflowers123@gmail.com	
Website	www.juliesflowers.com.au	
Twitter	@juliesflowers	Click +contact field and select 'Twitter'

4. Click Save

Financial Settings

Financial settings should be entered before any work is done in the organisation. The **Financial Settings** page contains financial and tax details for the organisation.

EXERCISE 2.2

In this exercise you will review and enter the financial details for Julie's Flowers.

1. Go to **Settings > General Settings**
2. In the **Organisation** section click **> Financial Settings**
3. Details that were entered and confirmed in the setup phase have been updated here. Enter '123456' into the **Tax File Number** field.
4. Take a look at the rest of the fields in this page for your reference, and click **Save**

The screenshot displays the 'Financial Settings' page for 'Julie's Flowers'. The page is divided into several sections:

- Financial Year End:** Set to 30 June.
- Activity Statement Settings:** Includes GST Accounting Method (Accruals Basis), Tax File Number (123456), GST Calculation (Quarterly (Option1)), PAYG Withheld Period (None), and PAYG Income Tax Method (None). Below this are checkboxes for Fringe Benefits Tax, Fuel Tax Credits, and Wine Equalisation Tax, all of which are currently unchecked.
- Tax Defaults:** For Sales, the Tax exclusive option is selected. For Purchases, the Tax inclusive option is selected.
- Lock Dates:** A note states that lock dates stop data from being changed for a specific period and that the lock date for this organisation is not set.
- Time zone:** Set to (UTC+10:00) Canberra, Melbourne, Sydney.

At the bottom right of the settings area, there are two buttons: a green 'Save' button and a grey 'Cancel' button.

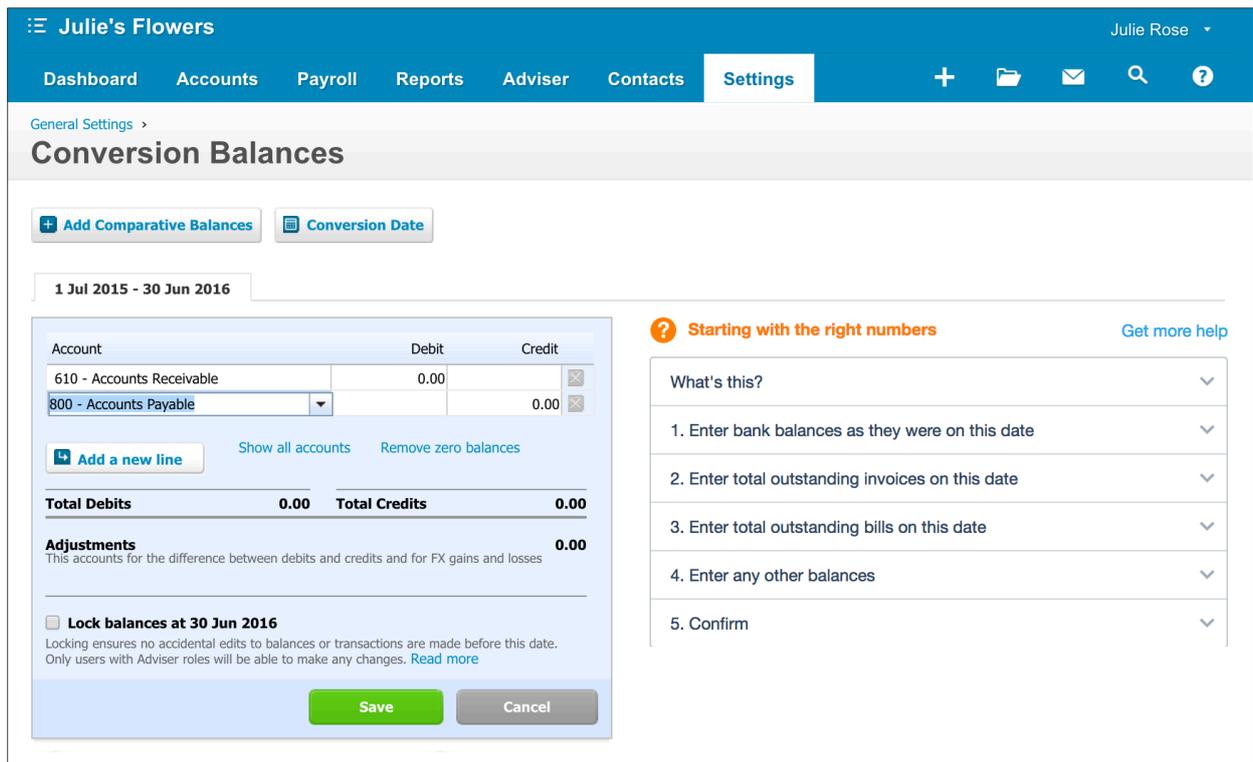
Conversion Date

The conversion date (or start date) is the date you choose to start entering your day-to-day transactions into Xero. This date is extremely important for entering conversion balances, which we will set up later in the course. The conversion date must be the start of a month, and it's recommended that you set it to the beginning of a reporting period (e.g. BAS or Financial Year). As long as you backdate all transactions, you can set the conversion date to a date in the past.

EXERCISE 2.3

In this exercise, we'll enter a conversion date for Julie's Flowers.

1. Go to **Settings > General Settings**
2. In the Organisation section click > **Conversion Balances**



Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings

General Settings >

Conversion Balances

[+ Add Comparative Balances](#) [Conversion Date](#)

1 Jul 2015 - 30 Jun 2016

Account	Debit	Credit
610 - Accounts Receivable	0.00	
800 - Accounts Payable		0.00

[+ Add a new line](#) [Show all accounts](#) [Remove zero balances](#)

Total Debits 0.00 Total Credits 0.00

Adjustments 0.00
This accounts for the difference between debits and credits and for FX gains and losses

Lock balances at 30 Jun 2016
Locking ensures no accidental edits to balances or transactions are made before this date. Only users with Adviser roles will be able to make any changes. [Read more](#)

[Save](#) [Cancel](#)

Starting with the right numbers [Get more help](#)

What's this?

1. Enter bank balances as they were on this date
2. Enter total outstanding invoices on this date
3. Enter total outstanding bills on this date
4. Enter any other balances
5. Confirm

3. Click on **Conversion Date** [Conversion Date](#)
4. Select the month as 'July' and year as '2016'.

Julie's Flowers

Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Conversion Balances >

Conversion Date

Conversion Date

Enter the date that you began processing all your transactions in Xero. It's easiest when you set your conversion date to be the start of a GST period. [Tips for Choosing a Conversion Date.](#)

Month: July Year: 2016

For this conversion date you need to enter conversion balances (also known as opening balances) as at: **30 Jun 2016.**

Save Cancel

5. Click **Save** 

Users

Xero allows each organisation to add unlimited users for free.

Each user of the organisation will have their own Xero account, and can be invited into multiple organisations. An individual Xero user can only see the Xero organisations that they have been invited into, or that they have created.

As the user who initially setup the Julie's Flowers organisation, you are the 'subscriber'. The subscriber has control over who is included as a user, and the different access levels of users in an organisation.

There are a number of different user roles available. Some users may only need to send an invoice, whereas others will need to see reports or bank accounts. Other users will need access to all features.

Here are the main user roles and details of their access:

Role	Features
None	Used only for employees who need to update a timesheet or use the payroll feature (optional), no access to other organisation data.
Read Only	Can only view invoices and reports.
Invoice Only	Can only create invoice and purchase transactions (option to limit to one or the other). No access to other areas of organisation.
Standard	Access to most features, apart from the 'adviser' tab. Option to add cash coding access (bank reconciliation tool), and remove reporting access. Also option to add user management, payroll admin and contact bank account admin privileges.
Adviser	Access to all features, including the 'Adviser' tab - which contains additional features for advisers. Option to add user management, payroll admin and contact bank account admin privileges.

When you sign up for an organisation you are automatically assigned the Standard user role.

EXERCISE 2.4

In this exercise, you will learn how to change your role to advise, and also how to add a new user.

1. Go to **Settings > General Settings**
2. In the **Organisation** section select **> Users**

General Settings >

Users



Collaborate as a team in Xero – [Invite staff and advisors](#) as additional users

See how to add users and [set up permissions](#)

See our [help article](#) to learn more

Hide Help 

What's this? 

[+ Invite a User](#) [+ Invite Xero Support](#)

Users [Recent Activity](#)

Name	Permissions	Two-step authentication	Status	Last Login	Logins this week
Julie Flowers (Subscriber)	Standard + Manage Users + Payroll Administration + Contact Bank Account Administration		Active	5 Jul 2016 11:02 p.m.	4

[Understand user role details](#)

- Click on your own user account

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

General Settings > Users > **Julie Rose**

i This user controls billing information for this organisation. This user can only have a role of Standard or Adviser.

What's this?

Active

Julie Rose
juliesflowersxero@gmail.com

Access to the accounts

Choose the user's level of access to this organisation's accounts:

	Bank reconciliation	Invoices	Edit settings	View reports	Publish reports	Lock dates
<input type="radio"/> Standard	Non Cash Coding	✓	✓	All Reports	✗	✗
<input checked="" type="radio"/> Adviser	✓	✓	✓	✓	✓	✓

Manage Users Allow this user to add and remove users and change permissions

Payroll Admin Allow this user full payroll access, including preparing & posting pay runs and payroll reporting

Contact Bank Account Admin Allow this user to add and edit bank account details held for customers and suppliers

[Understand user role details](#) **Save** **Cancel**

- Select **adviser** and click **Save**

- Click on **Invite a User**

Julie's Flowers Julie Flowers

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

General Settings > Users > **Invite a User**

What's this?

Enter their details

First Name Last Name Email

Access to the accounts

Choose the user's level of access to this organisation's accounts:

	Bank reconciliation	Invoices	Edit settings	View reports	Publish reports	Lock dates
<input type="radio"/> None	✗	✗	✗	✗	✗	✗
<input type="radio"/> Read Only	✗	Read only	✗	Read only	✗	✗
<input type="radio"/> Invoice Only	✗	Draft only	✗	✗	✗	✗
<input checked="" type="radio"/> Standard	Non Cash Coding	✓	✓	All Reports	✗	✗
<input type="radio"/> Adviser	✓	✓	✓	✓	✓	✓

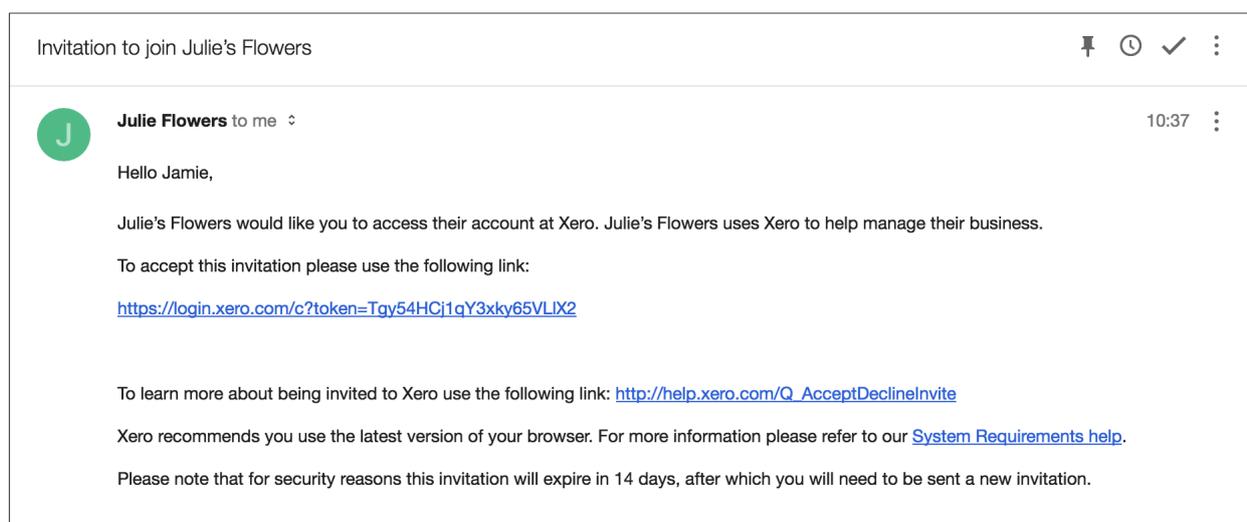
Manage Users Allow this user to add and remove users and change permissions

Payroll Admin Allow this user full payroll access, including preparing & posting pay runs and payroll reporting

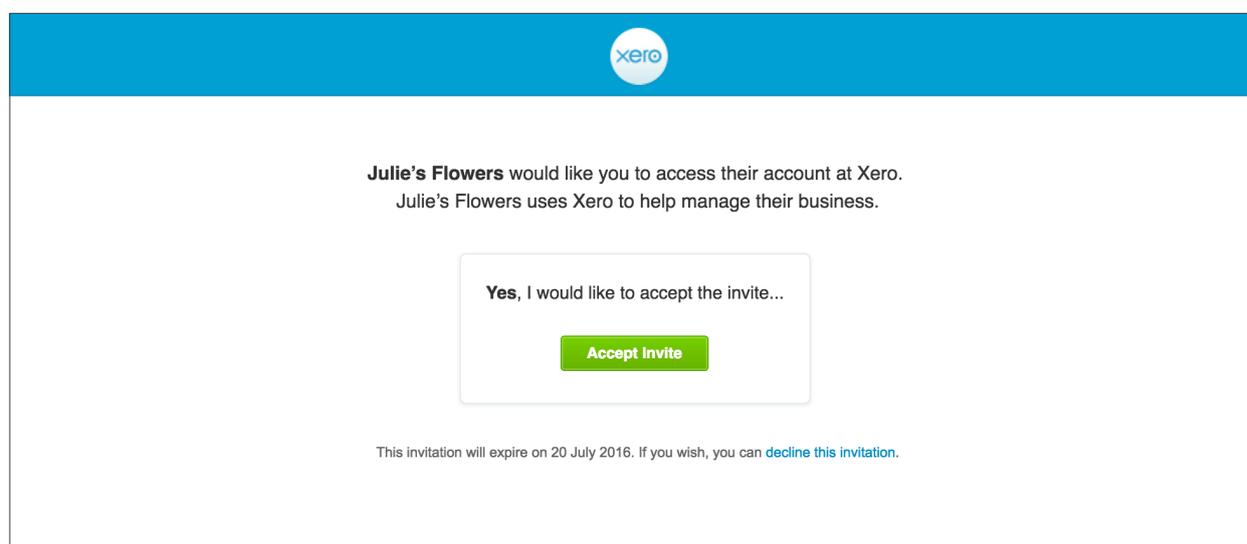
Contact Bank Account Admin Allow this user to add and edit bank account details held for customers and suppliers

[Understand user role details](#) **Continue** **Cancel**

6. Enter a value in First Name, Last Name and an additional email address that you have access to (this has to be different to the email address that you signed up to Xero with).
7. Ensure that you have selected the **Standard** user role, and click on **Continue**.
8. This will bring up an invitation screen, this is a message that you can customise before you send to the new user of the organisation. Feel free to customise this, and then click on **Send Invite**.
9. Go to the inbox of the email address that you listed in the email field. The user account invitation sent in step 7 should arrive after 1-2 minutes.



10. Click on the link in the message to accept the invitation.



11. This will allow you to create a new Xero account under this email address (or login if the email address is already associated with a Xero account). This isn't necessary to do, as you won't be using this account for further exercises, but is designed to give you an idea of the user invite process.



EXERCISE 2.5

Julie's Flowers has just employed a new staff member, Eve, to deliver flower orders to customers. Certain Julie's Flowers customers have an arrangement to be invoiced, on the spot, once they have received their delivery of flowers.

The easiest way for this to happen is for Eve to send an invoice from Xero to the customer while on the job. Julie has allowed her to have sufficient privileges to send approved invoices, rather than saving them as drafts for approval before sending. Eve has been given the email address: eve@juliesflowers.com.

1. Using the above information from the case study, add Eve as a user of the Julie's Flowers Xero organisation, using the appropriate user role level.

History and Notes

In an organisation, each time a user logs into Xero you will be able to see their name and a timestamp of their login.

This log is viewable to all Standard and adviser user roles. This will give you visibility into who is accessing the organisation and when.



EXERCISE 2.6

To access the the user history page in the Julie's Flowers organisation, click on the **Recent Activity** tab.

The screenshot shows the Xero 'Users' page for 'Julie's Flowers'. The navigation menu includes Dashboard, Accounts, Payroll, Reports, Adviser, Contacts, and Settings. The 'Users' page has a 'Recent Activity' tab selected, displaying a table of user login events.

Name	Login Date
Julie Flowers	Tuesday, 5 July 2016 11:02 p.m.
Julie Flowers	Tuesday, 5 July 2016 6:06 p.m.
Julie Flowers	Tuesday, 5 July 2016 6:00 p.m.
Julie Flowers	Tuesday, 5 July 2016 5:53 p.m.

The following areas of Xero allow for activity by user to be listed in the history and notes section:

- invoices, bills and transactions
- fixed assets
- inventory items
- invoice reminders
- contacts

If you'd like to see what transactional activity has been completed by each user, you are able to see notes and history at the bottom of the page.

The screenshot shows the 'History & Notes' section for a user. It includes a 'Created by Julie Flowers on 5 Jul 2016 at 12:20p.m.' entry. Below this are buttons for 'Hide History (1 change)' and 'Add Note'. A table below lists the changes.

Changes	Date	User	Details
Created	5 Jul 2016 12:20 p.m.	Julie Flowers	

For users with the adviser role, there is a report that displays this activity in a consolidated list.



EXERCISE 2.7

To access this report, click on **Adviser** > **History and Notes Activity**

Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll Reports **Adviser** Contacts Settings + 📁 📧 🔍 ?

History & Notes Activity

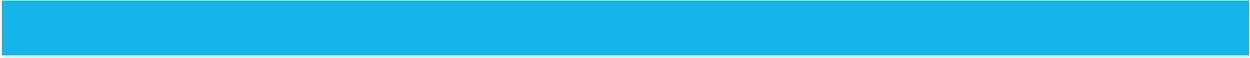
Period: Last week ▾ Items: All Items ▾ User: All Users ▾ **Update**

Filter results 🔍

Date ▾	Item	Action	User	Notes
5 July 11:04pm	Contact	Created	Julie Flowers	Yarra Transport has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Xero has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Woolworths has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Vodafone has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Victoria Property Agency has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Truxton Property Management has been created.
5 July 11:04pm	Contact	Created	Julie Flowers	Tramway's Coffe House has been created.

Check your progress

Skills	Complete
Access General Settings	
Enter Organisation Settings for Julie's Flowers	
Enter Financial Settings for Julie's Flowers	
Enter a Conversion Date for Julie's Flowers	
Change your user access from Standard to adviser	
Simulate adding a user to the Julie's Flowers organisation	
View user activity for Julie's Flowers	



3. Chart of Accounts

Learning Outcomes

By the end of this module, you will be able to:

- understand the purpose of the chart of accounts
 - import a chart of accounts
 - add an account
 - edit an account
 - delete / archive an account
 - update a tax rate
-

CHART OF ACCOUNTS

Chart of Accounts Basics

The Chart Of Accounts is a listing of all the accounts used in the General Ledger of an accounting system.

It serves as the framework for the organisation, and is how we categorise transactions as they occur in the day-to-day running of a business. Each time a transaction occurs in the organisation, the balance of an account will either increase or decrease.

All accounts within the Chart of Accounts fall under 5 main classes: Assets, Liabilities, Equity, Expenses and Revenue.

Xero has broken down classes into specific account types which describe the purpose of the account. Under these 5 main classes, there are 17 account types. Unlike other Accounting software, Xero does not rely on a specific numbering system to determine how the accounts are displayed on the reports. As a result the Chart of Accounts has a lot more flexibility and sub-accounts to fit accounts within a certain number range are a thing of the past.

Account Class	Account Type
Asset	Bank
	Current Asset
	Fixed Asset
	Inventory
	Non-current Asset
	Prepayment
Liabilities	Current Liability
	Liability
	Non-current Liability
Expenses	Depreciation
	Direct Costs
	Expense
	Overhead

Account Class	Account Type
Equity	Equity
Revenue	Other Income
	Revenue
	Sales

⚡ Important: the account type directly influences the layout of reports. The graphic below shows how account types are organised within the Profit and Loss report, and the Balance Sheet report.



When you create a new organisation, you can select the default Chart of Accounts or import your own via CSV.

You can access and work with the chart of accounts by selecting: **Settings > Chart of Accounts**. You will see the tabs contain the main account types.

Clicking on these tabs will allow you to drill down into each of the account types, and view each account that sits in that category.



Certain accounts in Xero are locked system accounts which cannot be removed. This is due to the specific function that they serve in the organisation. Locked accounts are identified by a padlock icon on the chart of accounts screen. It's not recommended that you change anything other than the account code or name for these accounts.

General Settings >
Chart of Accounts

What's this?

No accounts selected

<input type="checkbox"/>	Code ▲	Name	Type	Tax Rate	YTD
<input type="checkbox"/>	200	Sales Income from any normal business activity	Revenue	GST on Income	0.00
<input type="checkbox"/>	260	Other Revenue Any other income that does not relate to normal business activities and is not recurring	Revenue	GST on Income	0.00
<input type="checkbox"/>	270	Interest Income Interest income	Revenue	GST Free Income	0.00
<input type="checkbox"/>	310	Cost of Goods Sold Cost of goods sold by the business	Direct Costs	GST on Expenses	0.00
<input type="checkbox"/>	400	Advertising Expenses incurred for advertising while trying to increase sales	Expense	GST on Expenses	0.00
<input type="checkbox"/>	404	Bank Fees Fees charged by your bank for transactions regarding your bank account(s).	Expense	GST Free Expenses	0.00
<input type="checkbox"/>	408	Cleaning Expenses incurred for cleaning business property.	Expense	GST on Expenses	0.00
<input type="checkbox"/>	412	Consulting & Accounting Expenses related to paying consultants	Expense	GST on Expenses	0.00

Import a Chart of Accounts

You can import a chart of accounts into Xero by using a CSV import template. This is an efficient method for creating, and also updating a chart of accounts.

If you need to make a lot of changes in bulk, the recommended approach is to edit the chart of accounts with spreadsheet editing software (e.g. MS Excel), using the Xero chart of accounts template and then importing the completed template into your organisation.

You can download a Xero chart of accounts template from your trial, or from the demo company.

Go to **Settings > Chart of Accounts > Import** and along the right under 'Example Files' you will see two different templates to choose from. Clicking on either of these will generate a download of the Xero chart of accounts template.

Julie's Flowers | Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Import your Chart of Accounts

What system are you importing from?

Xero
 MYOB
 BankLink

Does the file you are importing contain account balances?

Yes
 No / Don't know

Select the file to import

No file selected

Example files

- Chart of Accounts CSV file for a GST registered company
- Chart of Accounts CSV file for a Non-GST registered company

You can import your chart of accounts from:

- MYOB Accounting or AccountRight Standard
- MYOB Accounting Plus or AccountRight Plus
- MYOB Premier or AccountRight Premier
- MYOB Premier Enterprise or AccountRight Enterprise
- MYOB AccountEdge
- BankLink Practice

Tips for importing

Whether you have created your own Chart of Accounts, exported one from your previous accounting system or you are using a Xero Chart of Accounts, you should make sure you follow a few simple guidelines:

- The file you import must be a CSV (Comma Separated Values) file. The name of your file should end with either .CSV or .TXT.
- Be sure to include all of the active accounts you used in your previous accounting system.
- If you're importing from another accounting system we recommend that you first review your accounts in that system, bringing your accounts up-to-date and removing any accounts that are no longer active, before you import it into Xero.
- [More help for importing Chart of Accounts](#)

EXERCISE 3.1

In this exercise, you will edit and import a chart of accounts into the Julie's Flowers organisation. You will have a sample chart of accounts template to download (ChartOfAccounts.CSV).

- Open the sample chart of accounts file ChartOfAccounts.CSV, in MS Excel, Google Sheets or similar.

A	B	C	D	E	F	G	H	I	J
*Code	*Name	*Type	*Tax Code	Description	Dashboard	Expense Claims	Enable Payments	Balance	
200	Sales	Revenue	GST on Income	Income from any normal business activity	No	No	No		
260	Other Revenue	Revenue	GST on Income	Any other income that does not relate to normal business activiti	No	No	No		
270	Interest Income	Revenue	GST Free Income	Interest income	No	No	No		
310	Cost of Goods Sold	Direct Costs	GST on Expenses	Cost of goods sold by the business	No	No	No		
400	Advertising	Expense	GST on Expenses	Expenses incurred for advertising while trying to increase sales	No	Yes	No		
404	Bank Fees	Expense	GST Free Expenses	Fees charged by your bank for transactions regarding your bank ac	No	Yes	No		
408	Cleaning	Expense	GST on Expenses	Expenses incurred for cleaning business property.	No	Yes	No		
412	Consulting & Accounting	Expense	GST on Expenses	Expenses related to paying consultants	No	Yes	No		
416	Depreciation	Expense	BAS Excluded	The amount of the asset's cost (based on the useful life) that was	No	No	No		
420	Entertainment	Expense	GST Free Expenses	Expenses paid by company for the business but are not deductabl	No	Yes	No		
425	Freight & Courier	Expense	GST on Expenses	Expenses incurred on courier & freight costs	No	Yes	No		
429	General Expenses	Expense	GST on Expenses	General expenses related to the running of the business.	No	Yes	No		
433	Insurance	Expense	GST on Expenses	Expenses incurred for insuring the business' assets	No	Yes	No		
437	Interest Expense	Expense	GST Free Expenses	Any interest expenses paid to ATO, business bank accounts or cre	No	Yes	No		
441	Legal expenses	Expense	GST on Expenses	Expenses incurred on any legal matters	No	Yes	No		
445	Light, Power, Heating	Expense	GST on Expenses	Expenses incurred for lighting, powering or heating the premises	No	Yes	No		
449	Motor Vehicle Expenses	Expense	GST on Expenses	Expenses incurred on the running of company motor vehicles	No	Yes	No		
453	Office Expenses	Expense	GST on Expenses	General expenses related to the running of the business office.	No	Yes	No		
461	Printing & Stationery	Expense	GST on Expenses	Expenses incurred by the entity as a result of printing and station	No	Yes	No		
469	Rent	Expense	GST on Expenses	The payment to lease a building or area.	No	Yes	No		
473	Repairs and Maintenance	Expense	GST on Expenses	Expenses incurred on a damaged or run down asset that will bring	No	Yes	No		
477	Wages and Salaries	Expense	BAS Excluded	Payment to employees in exchange for their resources	No	No	No		
478	Superannuation	Expense	BAS Excluded	Superannuation contributions	No	No	No		
485	Subscriptions	Expense	GST on Expenses	E.g. Magazines, professional bodies.	No	Yes	No		
489	Telephone & Internet	Expense	GST on Expenses	Expenditure incurred from any business-related phone calls, phon	No	Yes	No		
493	Travel - National	Expense	GST on Expenses	Expenses incurred from domestic travel which has a business pur	No	Yes	No		
494	Travel - International	Expense	GST Free Expenses	Expenses incurred from international travel which has a business	No	Yes	No		
505	Income Tax Expense	Expense	BAS Excluded	A percentage of total earnings paid to the government.	No	No	No		
610	Accounts Receivable	Accounts Receivable	BAS Excluded	Outstanding invoices the company has issued out to the client but	No	No	No		
620	Prepayments	Current Asset	BAS Excluded	An expenditure that has been paid for in advance.	No	No	No		
630	Inventory	Inventory	BAS Excluded	Value of tracked items for resale.	No	No	No		
710	Office Equipment	Fixed Asset	GST on Capital	Office equipment that is owned and controlled by the business	No	Yes	No		
711	Less Accumulated Depreciation on Office Equipment	Fixed Asset	BAS Excluded	The total amount of office equipment cost that has been consum	No	Yes	No		
730	Computer Equipment	Fixed Asset	GST on Capital	Computer equipment that is owned and controlled by the business	No	Yes	No		

You will see the three required fields as signified by the (*) asterisk symbol. There are also a number of other columns in the chart of accounts that can be used to update the details of the account.

The rows of this spreadsheet represent the individual accounts that make up the chart of accounts.

Column	Notes
Code (required)	This is the unique identifier for the account. Must be unique, up to 10 characters. Letters, numbers and symbols accepted.
Name (required)	The account name. Use letters, numbers or symbols, Must be unique, up to 150 characters.
Type (required)	There are 17 account types, each type must be spelled correctly. The types (and the class that they belong to) are listed at the beginning of this module, and in the Xero help centre.
Tax Code (required)	Tax codes have to be exactly as they appear in the Xero organisation. Tax rates can be customised in your Settings > Tax Rates .
Description	Optional. Consider using a description to describe the function of the account, or to describe the types of transactions to be coded to the account
Dashboard	You can opt to have an account appear in the Dashboard watchlist, by entering either 'yes' or 'no' in this column.
Expense Claims	You can opt to allow employee expense claims to be allocated to this account or not, by entering 'yes' or 'no' in this column.
Enable Payments	You can opt to have the account appear in the drop-down list of accounts when you're entering a payment directly on an invoice, bill or expense claim. This is a 'yes' or 'no' option.
Balance	You can opt to update a starting balance (conversion balance) for the account. Positive values in this column will be imported as debits, and negative values as credits. Including a value in the Balance column will replace any previously saved Conversion Balance for the account. Be careful not to include any characters other than numbers, or a minus sign to denote a negative balance.

2. In ChartofAccounts.CSV, insert a new row under the first row (row 1).

As mentioned previously, take care not to change the header row (row 1). Changing the names or order of the columns will cause import errors.

*Code	Name	*Type	*Tax Code	Description	Dashboard	Expense Claims	Enable Payments	Balance
00	Sales	Revenue	GST on Income	Income from any normal business activity	No	No	No	
60	Other Revenue	Revenue	GST on Income	Any other income that does not relate to normal business activity	No	No	No	
270	Interest Income	Revenue	GST Free Income	Interest income	No	No	No	
310	Cost of Goods Sold	Direct Costs	GST on Expenses	Cost of goods sold by the business	No	No	No	
400	Advertising	Expense	GST on Expenses	Expenses incurred for advertising while trying to increase sales	No	Yes	No	
404	Bank Fees	Expense	GST Free Expenses	Fees charged by your bank for transactions regarding your bank ac	No	Yes	No	
408	Cleaning	Expense	GST on Expenses	Expenses incurred for cleaning business property.	No	Yes	No	
412	Consulting & Accounting	Expense	GST on Expenses	Expenses related to paying consultants	No	Yes	No	
416	Depreciation	Expense	BAS Excluded	The amount of the asset's cost (based on the useful life) that was	No	No	No	
420	Entertainment	Expense	GST Free Expenses	Expenses paid by company for the business but are not deductabl	No	Yes	No	
425	Freight & Courier	Expense	GST on Expenses	Expenses incurred on courier & freight costs	No	Yes	No	
429	General Expenses	Expense	GST on Expenses	General expenses related to the running of the business.	No	Yes	No	
433	Insurance	Expense	GST on Expenses	Expenses incurred for insuring the business' assets	No	Yes	No	
437	Interest Expense	Expense	GST Free Expenses	Any interest expenses paid to ATO, business bank accounts or cre	No	Yes	No	
441	Legal expenses	Expense	GST on Expenses	Expenses incurred on any legal matters	No	Yes	No	
445	Light, Power, Heating	Expense	GST on Expenses	Expenses incurred for lighting, powering or heating the premises	No	Yes	No	
449	Motor Vehicle Expenses	Expense	GST on Expenses	Expenses incurred on the running of company motor vehicles	No	Yes	No	
453	Office Expenses	Expense	GST on Expenses	General expenses related to the running of the business office.	No	Yes	No	
461	Printing & Stationery	Expense	GST on Expenses	Expenses incurred by the entity as a result of printing and station	No	Yes	No	
469	Rent	Expense	GST on Expenses	The payment to lease a building or area.	No	Yes	No	
473	Repairs and Maintenance	Expense	GST on Expenses	Expenses incurred on a damaged or run down asset that will bring	No	Yes	No	
477	Wages and Salaries	Expense	BAS Excluded	Payment to employees in exchange for their resources	No	No	No	
478	Superannuation	Expense	BAS Excluded	Superannuation contributions	No	No	No	
485	Subscriptions	Expense	GST on Expenses	E.g. Magazines, professional bodies.	No	Yes	No	
489	Telephone & Internet	Expense	GST on Expenses	Expenditure incurred from any business-related phone calls, phon	No	Yes	No	
493	Travel - National	Expense	GST on Expenses	Expenses incurred from domestic travel which has a business purp	No	Yes	No	
494	Travel - International	Expense	GST Free Expenses	Expenses incurred from international travel which has a business	No	Yes	No	
505	Income Tax Expense	Expense	BAS Excluded	A percentage of total earnings paid to the government.	No	No	No	
610	Accounts Receivable	Accounts Receivable	BAS Excluded	Outstanding invoices the company has issued out to the client but	No	No	No	
620	Prepayments	Current Asset	BAS Excluded	An expenditure that has been paid for in advance.	No	No	No	
630	Inventory	Inventory	BAS Excluded	Value of tracked items for resale.	No	No	No	
710	Office Equipment	Fixed Asset	GST on Capital	Office equipment that is owned and controlled by the business	No	Yes	No	
781	Less Accumulated Depreciation on Office Equipment	Fixed Asset	BAS Excluded	The total amount of office equipment that has been depreciated	No	No	No	

3. Add the following information into the new row. Save your changes to the spreadsheet, ensuring that you keep your file type to .CSV, before continuing to the next step.

Column	Information
Code	495
Name	Loss on Asset Disposal
Type	Expense
Tax Code	GST on Expenses
Dashboard	No
Expense Claims	No
Enable Payments	No

*Code	*Name	*Type	*Tax Code	Description
495	Loss on Asset Disposal	Expense	GST on Expenses	
200	Sales	Revenue	GST on Income	Income from any normal business activity
260	Other Revenue	Revenue	GST on Income	Any other income that does not relate to normal business activities
270	Interest Income	Revenue	GST Free Income	Interest income
310	Cost of Goods Sold	Direct Costs	GST on Expenses	Cost of goods sold by the business
400	Advertising	Expense	GST on Expenses	Expenses incurred for advertising while trying to increase sales
404	Bank Fees	Expense	GST Free Expenses	Fees charged by your bank for transactions regarding your bank accounts
408	Cleaning	Expense	GST on Expenses	Expenses incurred for cleaning business property.
412	Consulting & Accounting	Expense	GST on Expenses	Expenses related to paying consultants
416	Depreciation	Expense	BAS Excluded	The amount of the asset's cost (based on the useful life) that was
420	Entertainment	Expense	GST Free Expenses	Expenses paid by company for the business but are not deductible
425	Freight & Courier	Expense	GST on Expenses	Expenses incurred on courier & freight costs
429	General Expenses	Expense	GST on Expenses	General expenses related to the running of the business.
433	Insurance	Expense	GST on Expenses	Expenses incurred for insuring the business' assets
437	Interest Expense	Expense	GST Free Expenses	Any interest expenses paid to ATO, business bank accounts or credit
441	Legal expenses	Expense	GST on Expenses	Expenses incurred on any legal matters
445	Light, Power, Heating	Expense	GST on Expenses	Expenses incurred for lighting, powering or heating the premises
449	Motor Vehicle Expenses	Expense	GST on Expenses	Expenses incurred on the running of company motor vehicles
453	Office Expenses	Expense	GST on Expenses	General expenses related to the running of the business office.
461	Printing & Stationery	Expense	GST on Expenses	Expenses incurred by the entity as a result of printing and stationery

4. In the ChartofAccounts.CSV, enter the following values into the **Balance** column for these two accounts:

Account	Balance
260 - Other Revenue	-\$2000.00
400 - Advertising	\$1000.00

The value in the balance column will be entered as the conversion balance for that account.

Info: If you've entered balances into the Chart of Accounts file, after the import is complete, there is a second step to complete to confirm your conversion balances.

To complete the second step after import, navigate to the conversion balances screen, where the imported balances should already be populated, and click 'save' to confirm. This is done from the conversion balances screen (General Settings > Conversion Balances). Conversion balances will be discussed in more detail later on in the course.

Now that you've made changes to the Chart of Accounts to meet the organisation's requirements, you're ready to import the chart.

⚡ Important: Xero imports positive balances as debits, and negative balances as credits. Xero ignores symbols and non-numeric data, other than negative signs and brackets (showing a negative balance). If you don't want to import balances, leave the **Balance** column blank.

5. Once you have entered the two balances, save the changes made to the CSV.

A	B	C	D	E	F	G	H	I	J
*Code	*Name	*Type	*Tax Code	Description	Dashboard	Expense Claims	Enable Payments	Balance	
495	Loss on Asset Disposal	Expense	GST on Expenses		No	No	No		
200	Sales	Revenue	GST on Income	Income from any normal business activity	No	No	No		
260	Other Revenue	Revenue	GST on Income	Any other income that does not relate to normal business activities	No	No	No	-2000	
270	Interest Income	Revenue	GST Free Income	Interest income	No	No	No		
310	Cost of Goods Sold	Direct Costs	GST on Expenses	Cost of goods sold by the business	No	No	No		
400	Advertising	Expense	GST on Expenses	Expenses incurred for advertising while trying to increase sales	No	Yes	No	1000	
404	Bank Fees	Expense	GST Free Expenses	Fees charged by your bank for transactions regarding your bank account	No	Yes	No		
408	Cleaning	Expense	GST on Expenses	Expenses incurred for cleaning business property.	No	Yes	No		
412	Consulting & Accounting	Expense	GST on Expenses	Expenses related to paying consultants	No	Yes	No		
416	Depreciation	Expense	BAS Excluded	The amount of the asset's cost (based on the useful life) that was not deductible	No	No	No		
420	Entertainment	Expense	GST Free Expenses	Expenses paid by company for the business but are not deductible	No	Yes	No		
425	Freight & Courier	Expense	GST on Expenses	Expenses incurred on courier & freight costs	No	Yes	No		
429	General Expenses	Expense	GST on Expenses	General expenses related to the running of the business.	No	Yes	No		
433	Insurance	Expense	GST on Expenses	Expenses incurred for insuring the business' assets	No	Yes	No		

6. In Xero, in **Settings > Chart of Accounts**, Click on 'Import'

What system are you importing from?

Xero
 MYOB
 BankLink

Does the file you are importing contain account balances?

Yes
 No / Don't know

Select the file to import

[Browse](#) No file selected

[Import](#) [Cancel](#)

Example files

- [Chart of Accounts CSV file for a GST registered company](#)
- [Chart of Accounts CSV file for a Non-GST registered company](#)

You can import your chart of accounts from:

- MYOB Accounting or AccountRight Standard
- MYOB Accounting Plus or AccountRight Plus
- MYOB Premier or AccountRight Premier
- MYOB Premier Enterprise or AccountRight Enterprise
- MYOB AccountEdge
- BankLink Practice

Tips for importing

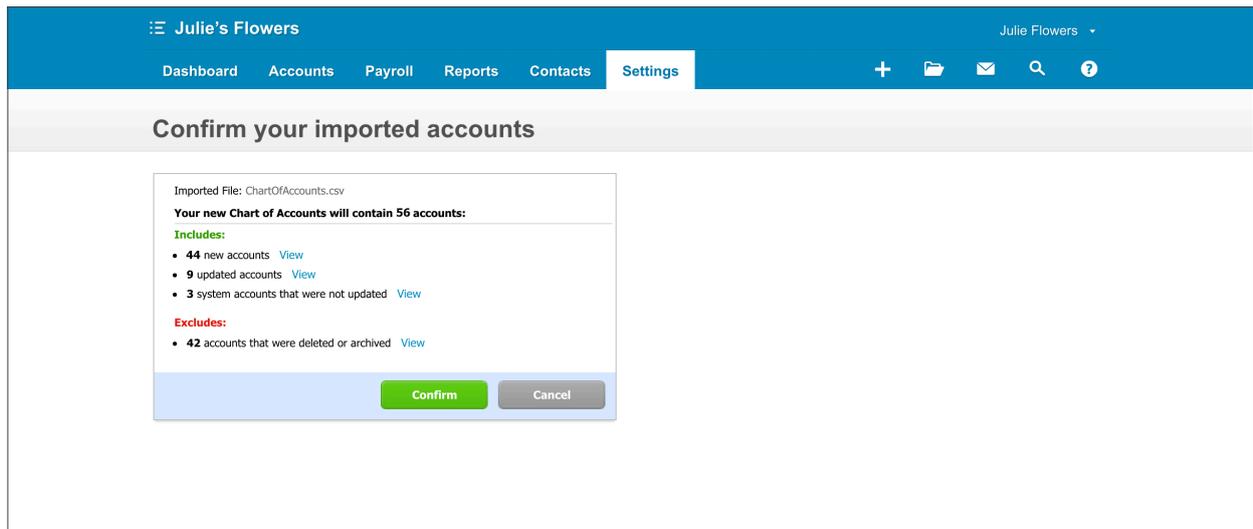
Whether you have created your own Chart of Accounts, exported one from your previous accounting system or you are using a Xero Chart of Accounts, you should make sure you follow a few simple guidelines:

- The file you import must be a CSV (Comma Separated Values) file. The name of your file should end with either .CSV or .TXT.
- Be sure to include all of the active accounts you used in your previous accounting system.
- If you're importing from another accounting system we recommend that you first review your accounts in that system, bringing your accounts up-to-date and removing any accounts that are no longer active, before you import it into Xero.

[More help for importing Chart of Accounts](#)

7. Under **What system are you importing from?** select **Xero** as you are using a Xero template file.

8. Under **Does the file you are importing contain account balances?**, select **yes** as you have included values in the balance column.
9. Click on 'Browse' and select the sheet that you saved, ChartofAccounts.CSV, and click on 'Import'.
10. This will show a dialogue page with a summary of updates have been made in the chart of accounts. If there are any errors, or if any accounts fail to be uploaded, you can find details of these errors here.



11. Click **Confirm** 

This will save the new Chart of Accounts for Julie's Flowers, and you will be returned to the Chart of Accounts Screen.

Julie's Flowers Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

General Settings >

Chart of Accounts

[+ Add Account](#)
[+ Add Bank Account](#)
[Print PDF](#)
[Import](#)
[Export](#)

[All Accounts](#)
[Assets](#)
[Liabilities](#)
[Equity](#)
[Expenses](#)
[Revenue](#)
[Archive](#)

What's this?

[Delete](#)
[Archive](#)
[Change Tax Rate](#)
 No accounts selected

[Search](#)

<input type="checkbox"/>	Code	Name	Type	Tax Rate	YTD
<input type="checkbox"/>	200	Sales Income from any normal business activity	Revenue	GST on Income	0.00
<input type="checkbox"/>	260	Other Revenue Any other income that does not relate to normal business activities and is not recurring	Revenue	GST on Income	0.00
<input type="checkbox"/>	270	Interest Income Interest income	Revenue	GST Free Income	0.00
<input type="checkbox"/>	310	Cost of Goods Sold Cost of goods sold by the business	Direct Costs	GST on Expenses	0.00
<input type="checkbox"/>	400	Advertising Expenses incurred for advertising while trying to increase sales	Expense	GST on Expenses	0.00
<input type="checkbox"/>	404	Bank Fees Fees charged by your bank for transactions regarding your bank account(s).	Expense	GST Free Expenses	0.00
<input type="checkbox"/>	408	Cleaning Expenses incurred for cleaning business property.	Expense	GST on Expenses	0.00
<input type="checkbox"/>	412	Consulting & Accounting Expenses related to paying consultants	Expense	GST on Expenses	0.00

Conversion Balances

Any values entered in the **balances** column in a Chart of Accounts CSV import file, will set the conversion balances for those particular accounts.

Conversion balances are the account balances at the exact time of your conversion date. They create the starting point from which all future account balances will be calculated.

When you start using Xero and begin creating transactions, account balances will increase, or decrease, with the conversion balance as the starting point.

While you can import conversion balances in the Chart of Accounts CSV, you can also update conversion balances manually under **Settings > General Settings > Conversion Balances**.

You will learn more about updating conversion balances as you progress in this course.



Info: If you are setting up a new business, the conversion balances will likely be nil. If you are changing from another accounting system to Xero, the conversion balances will come from the closing balances of the system you are moving away from.

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

General Settings > **Conversion Balances**

[Add Comparative Balances](#) [Conversion Date](#)

1 Jul 2015 - 30 Jun 2016

Confirm your 30 Jun 2016 account balances

Account	Debit	Credit
200 - Sales		0.00
260 - Other Revenue	2,000.00	
270 - Interest Income		0.00
310 - Cost of Goods Sold	0.00	
400 - Advertising		1,000.00
404 - Bank Fees	0.00	
408 - Cleaning	0.00	
412 - Consulting & Accounting	0.00	
416 - Depreciation	0.00	
420 - Entertainment	0.00	
425 - Freight & Courier	0.00	
429 - General Expenses	0.00	
433 - Insurance	0.00	
437 - Interest Expense	0.00	
441 - Legal expenses	0.00	
445 - Light, Power, Heating	0.00	
449 - Motor Vehicle Expenses	0.00	
453 - Office Expenses	0.00	
461 - Printing & Stationery	0.00	

Starting with the right numbers [Get more help](#)

What's this?

1. Enter bank balances as they were on this date
2. Enter total outstanding invoices on this date
3. Enter total outstanding bills on this date
4. Enter any other balances
5. Confirm

Manually Updating the Chart of Accounts

You can add, edit or delete accounts within the Chart of Accounts, under **Settings > Chart of Accounts**.

A manual update can be efficient when small scale changes are necessary, such as changing an account description, or updating the account type.

EXERCISE 3.2

In this exercise, you will edit and archive some accounts in the organisation's Chart of Accounts.

1. In your **Chart of Accounts**, under the **All Accounts** tab, scroll down to account **420 - Entertainment**.

<input type="checkbox"/>	420	Entertainment Expenses paid by company for the business but are not deductible for income tax purposes.	Expense	GST Free Expenses	0.00
--------------------------	-----	--	---------	-------------------	------

2. Click on the blue **Entertainment** link, and this will allow you to edit details about the account.

Edit Account Details

Account Type
Expense

Code
A unique code/number for this account (limited to 10 characters)
420

Name
A short title for this account (limited to 150 characters)
Entertainment

Description (optional)
A description of how this account should be used
Expenses paid by company for the business but are not deductible for income tax purposes.

Tax
The default tax setting for this account
GST on Expenses

Show on Dashboard Watchlist
 Show in Expense Claims
 Enable payments to this account

How account types affect your reports

Profit & Loss	Balance Sheet
Income Revenue Sales Less Cost of Sales Direct Costs GROSS PROFIT Plus Other Income Other Income Less Expenses Expenses Depreciation Overheads NET PROFIT	Current Assets Current Assets Inventory Prepayments Plus Bank Bank Accounts Plus Fixed Assets Fixed Assets Plus Non-current Assets Non-current Assets TOTAL ASSETS Less Current Liabilities Current Liabilities Less Non-current Liabilities Liabilities Non-current Liabilities NET ASSETS Equity Equity Plus Net Profit TOTAL EQUITY

You can also modify where accounts appear in your reports using [Customised Report Layouts](#)

Save **Cancel**

3. Click on the **Name** field and edit the name of the account to **Staff Entertainment**. This will avoid confusion around what the account is used for.
4. Click the checkbox to **Show on Dashboard Watchlist**.

Edit Account Details

Account Type
Expense

Code
A unique code/number for this account (limited to 10 characters)
420

Name
A short title for this account (limited to 150 characters)
Staff Entertainment

Description (optional)
A description of how this account should be used
Expenses paid by company for the business but are not deductible for income tax purposes.

Tax
The default tax setting for this account
GST on Expenses

Show on Dashboard Watchlist
 Show in Expense Claims
 Enable payments to this account

Save **Cancel**

5. Click **Save** 
6. Click on the **Dashboard** tab

You can see that the account **Staff Entertainment** has now appeared under **Account watchlist**.

 **Important:** the accounts watchlist is an area on the dashboard, which will display real-time values for any accounts you select to appear.

You are able to pick and choose which accounts appear in the list, and you can add or remove accounts from the accounts watchlist at any time. The accounts watchlist is useful for keeping an eye on both month-to-date and year-to-date totals for selected accounts.

Julie's Flowers Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Julie's Flowers Your last login: 22 Jul 2016 from Australia

Import your bank transactions

Connect your bank accounts to automatically import and categorise your transactions.

[Add bank account](#)

Account watchlist

Account	This month	YTD
Staff Entertainment (420)	0.00	0.00

Track your cashflow

See how much cash your business has and make sure it can cover upcoming bills. Add an [invoice](#) or [bill](#) to get started.

Add your first invoice

Send beautiful, customisable invoices to your clients and receive payments online.

[New sales invoice](#)

Add your first bill

See upcoming bills and planned payment dates so there are no surprises.

[New bill](#)

- Head back to **Settings > Chart of Accounts** and scroll down to **account 494 - Travel International**. Click on the **tick box** next to the account to select it.

<input checked="" type="checkbox"/>	494	Travel - International Expenses incurred from international travel which has a business purpose	Expense	GST Free Expenses	0.00
-------------------------------------	-----	--	---------	-------------------	------

- Scroll back up to the top of the page, and click the **Delete** button. Confirm the removal of the account by selecting **OK** in the dialogue pop up.

Delete Accounts ✕

You have selected 1 Account to be Deleted.

This account will be removed from any contacts using it as a default account.

Note: Deleting Accounts is permanent and cannot be undone. Archived Accounts can be Restored at any time.

OK
Cancel



Important: As the account has yet to be used for any transactions, you are able to delete the account. If the account did have transactions recorded against it, you will only be able to archive the account.

Archived accounts can be restored at any time.

Tax Rates

If you would like to view, edit or add new tax rates for the organisation, click on **Settings** > **General Settings** > under the heading Organisation select **Tax Rates**.

The tax rates listed here are the rates that are available to be added to accounts in your **Chart of Accounts**.

The screenshot shows the 'Tax Rates' page in the software interface. The page has a blue header with the company name 'Julie's Flowers' and a navigation menu with 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Settings' menu is active, and the 'Tax Rates' page is displayed. The page has a 'New Tax Rate' button and a 'Delete' button. Below these is a table of tax rates.

Name	Tax Rate	Accounts using this Tax Rate
BAS Excluded	0%	28
GST Free Capital	0%	0
GST Free Expenses	0%	3
GST Free Exports	0%	0
GST Free Income	0%	1
GST on Capital	10%	2
GST on Capital Imports	0%	0
GST on Expenses	10%	18
GST on Imports	0%	0
GST on Income	10%	2
Input Taxed	0%	0



Important: if you need to find out more information about which tax rates to use in your business, it's best to visit the ATO website: www.ato.gov.au

Each account in your Chart of Accounts must have a default tax rate specified.

When an account is used in a transaction, such as an invoice or journal entry, the default tax rate will be automatically populated when the account is selected.

The tax rate can also be changed at the time of transaction, using a drop down list.

In this exercise you will edit a tax rate for an account.



EXERCISE 3.3

Julie's Flowers has received advice that there is no GST applicable for the Loss on Asset Disposal Expense and that this account should be excluded from BAS calculations.



Info: this doesn't mean that all asset disposals are treated as BAS excluded under Australian GST laws. However in this case, the account is used to record the net loss on the disposal, and not the proceeds from sale and applicable GST collected with sale.

1. Click on **Settings > Chart of Accounts**
2. Select the account **495 - Loss on Asset Disposal**
3. Use the **Tax** drop-down list to change the tax rate from GST on Expenses to BAS Excluded.
4. Click **Save**.

Edit Account Details ✕

Account Type
Expense ▾

Code
A unique code/number for this account (limited to 10 characters)
495

Name
A short title for this account (limited to 150 characters)
Loss on Asset Disposal

Description (optional)
A description of how this account should be used

Tax
The default tax setting for this account
BAS Excluded ▾

Show on Dashboard Watchlist

Show in Expense Claims

Enable payments to this account

Save Cancel

How account types affect your reports

Profit & Loss

Income

Revenue

Sales

Less Cost of Sales

Direct Costs

GROSS PROFIT

Plus Other Income

Other Income

Less Expenses

Expenses

Depreciation

Overheads

NET PROFIT

Balance Sheet

Current Assets

Current Assets

Inventory

Prepayments

Plus Bank

Bank Accounts

Plus Fixed Assets

Fixed Assets

Plus Non-current Assets

Non-current Assets

TOTAL ASSETS

Less Current Liabilities

Current Liabilities

Less Non-current Liabilities

Liabilities

Non-current Liabilities

NET ASSETS

Equity

Equity

Plus Net Profit

TOTAL EQUITY

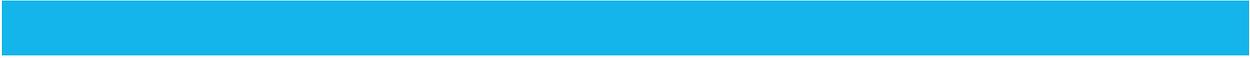
You can also modify where accounts appear in your reports using [Customised Report Layouts](#)

Check your progress

Skills	Complete
Import a Chart of Accounts into Julie's Flowers, in accordance with organisation requirements	
Edit an account (420 - Staff Entertainment) manually	
Delete an account (494 - Travel International) manually	
Edit a tax rate for an account (495 - Loss on Asset Disposal)	

Chart of Accounts

Page 59



4. Bank Accounts

Learning Outcomes

By the end of this module, you will be able to:

- understand the bank feed process
 - add a bank account
 - manually update conversion balances
 - import bank transactions
-

BANK ACCOUNTS

Banking in Xero

When you add bank accounts to your organisation, you're able to view your banking activity, and reconcile bank statement entries with transactions recorded in Xero.

When you add a bank account, it is automatically added to your Chart of Accounts. It will be assigned the account type **Bank Account**, under the **Asset** class.

A **bank feed** can be set up for each of your bank accounts. It's recommended to set up a bank feed, as once setup, it will automatically import account transactions into Xero from your bank or other financial institution. Alternatively, you are able to import transactions via a CSV, OFX or QIF file downloaded from a bank's online banking platform.

Bank accounts automatically appear on the dashboard to view and manage. You are also able to view your bank accounts under **Accounts > Bank Accounts**.

From this page, you can opt to hide particular accounts from the dashboard and change the order in which they appear. You are also able to see a snapshot of your bank account balances over time.

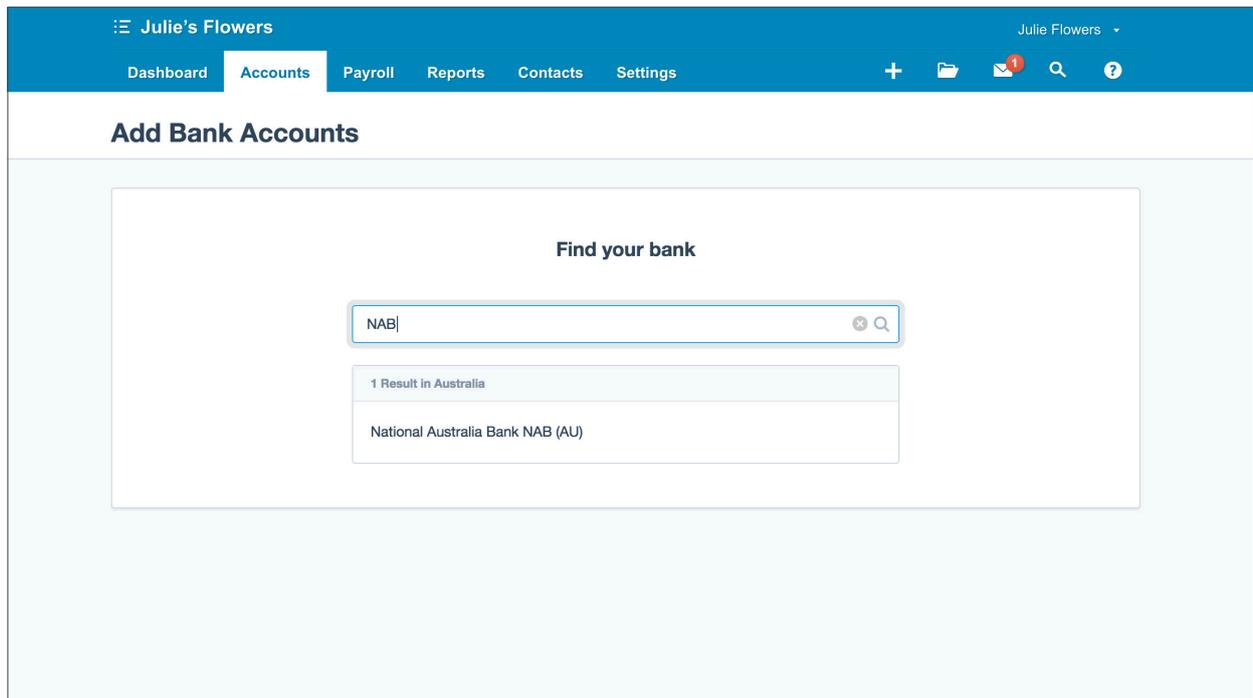
The screenshot displays the Xero interface for 'Demo Company (AU)'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Accounts' section is active, showing 'Bank Accounts'. A banner encourages connecting bank accounts for automatic transaction flow, with a video link and a guide to 'adding a bank account in Xero'. Below this are buttons for 'Add Bank Account', 'Transfer Money', 'Bank Rules', and 'Uncoded Statement Lines'. The main content area features a 'Business Bank Account' from bankwest, with a statement balance of 4,242.62 as of 20 Sep 2016 and a balance in Xero of (2,151.58). A line chart shows the account's balance history from April to September. A 'Reconcile 28 items' button is visible, along with options to 'Show account on Dashboard' and 'Change order'.

Adding Bank Accounts

EXERCISE 4.1

In this exercise, you will add two bank accounts to the Julie's Flowers organisation.

1. Starting from **Accounts > Bank Accounts**
2. Click on the button **+ Add Bank Account** 
3. Enter **'NAB'** under the field **Find your Bank**



- Click on the result **National Australia Bank NAB (AU)**.

The screenshot shows the 'Add Bank Accounts' page in the Julie's Flowers system. The page title is 'Add Bank Accounts'. The main heading is 'Enter your National Australia Bank NAB (AU) account details'. There are two input fields: 'Account Name' with a placeholder 'e.g Business Account' and 'Account Type' with a dropdown menu showing 'Please select one'. Below the fields is a link '+ Add another National Australia Bank NAB (AU) account'. At the bottom left is a 'Back' button, and at the bottom right is a 'Continue' button. In the center, there is a link 'Looking for help? Try our Help Centre'.

- Enter the following information into the fields:

Field	Information
Account Name	Business Bank Account
Account Type	Everyday (day-to-day)
Account Number (BSB)	123456
Account Number	123456

Leave **I've set up batch payments** unticked.

- Click '+ Add another National Australia Bank NAB (AU) account'

Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll Reports Contacts Settings + 📁 📧¹ 🔍 ?

Add Bank Accounts

Enter your National Australia Bank NAB (AU) account details

Account Name

Account Type

Account Number

I've set up batch payments

[+ Add another National Australia Bank NAB \(AU\) account](#)

[Back](#)
Looking for help? Try our [Help Centre](#)
[Continue](#)

7. Enter the following information into the fields:

Field	Information
Account Name	Business Savings Account
Account Type	Everyday (day-to-day)
Account Number (BSB)	123456
Account Number	7891011

Enter your National Australia Bank NAB (AU) account details

Remove

Account Name

Account Type

Account Number

I've set up batch payments

Remove

Account Name

Account Type

Account Number

I've set up batch payments

[+ Add another National Australia Bank NAB \(AU\) account](#)

[Back](#)
Looking for help? Try our [Help Centre](#)
[Continue](#)

8. Click on **Continue** Continue
9. Select the **Dashboard** tab, and you will see that the two bank accounts have now been added and are ready to use.

☰ Julie's Flowers
Julie Flowers ▾

Dashboard Accounts Payroll Reports Contacts Settings
+ 📁 📧¹ 🔍 ?

Julie's Flowers

Your last login: 1 day ago from Australia

Business Bank Account
123-456-123456

Manage ▾

Statement balance **0.00**

[Get Bank Feeds](#)

or [manually import a statement](#)

Business Savings Acc...
123-456-7891011

Manage ▾

Statement balance **0.00**

[Get Bank Feeds](#)

or [manually import a statement](#)

Account watchlist

Account	This month	YTD
Staff Entertainment (420)	0.00	0.00

Add your first invoice

Send beautiful, customisable invoices to your clients and receive payments online.

[New sales invoice](#)

Add your first bill

See upcoming bills and planned payment dates so there are no surprises.

[New bill](#)

Track your cashflow

See how much cash your business has and make sure it can cover upcoming bills.

Bank Account Conversion Balances

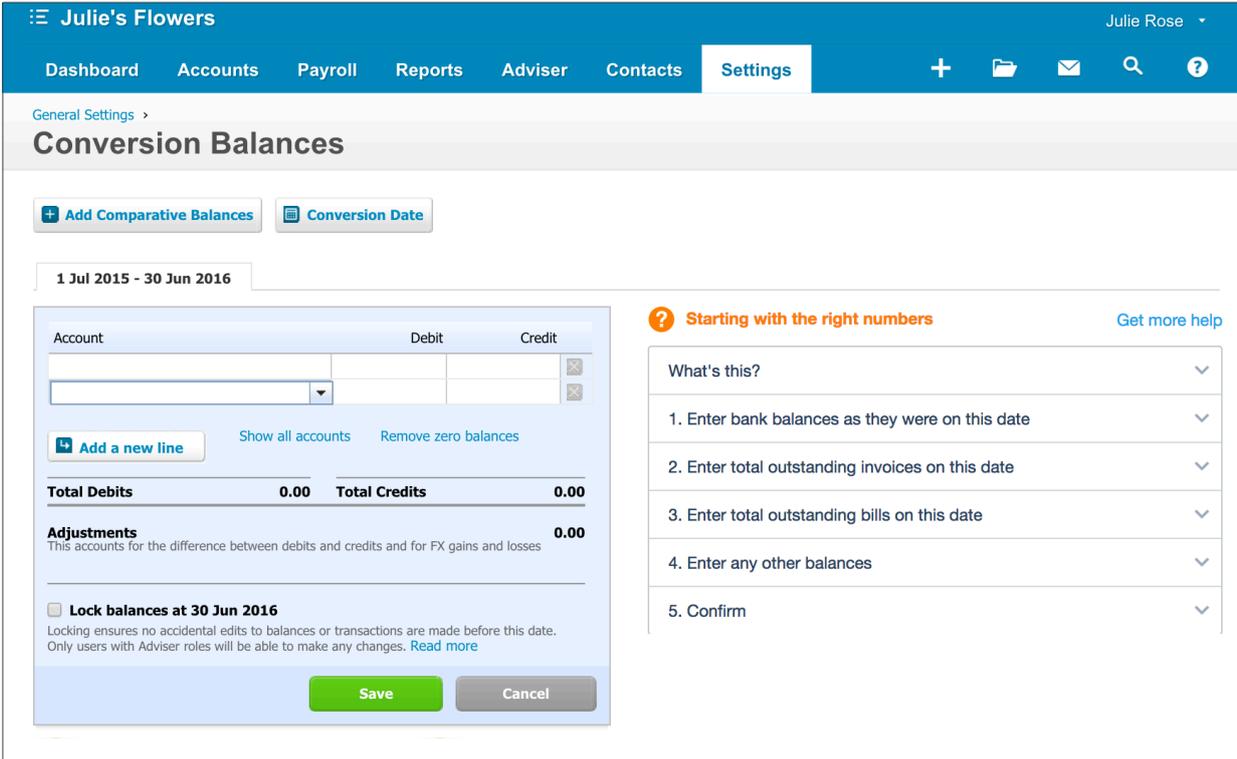
As with other accounts in the Chart of Accounts, the bank account balance as of the conversion date must be recorded.

The conversion balance will serve as the starting point from which Xero will calculate the future balance of the bank account, as money is spent or received.

EXERCISE 4.2

In this exercise, you will set the conversion balances for the Julie's Flowers organisation's two bank accounts.

1. Go to **Settings > General Settings > Conversion Balances**



Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings

General Settings >

Conversion Balances

[+ Add Comparative Balances](#) [Conversion Date](#)

1 Jul 2015 - 30 Jun 2016

Account	Debit	Credit

[Add a new line](#) [Show all accounts](#) [Remove zero balances](#)

Total Debits 0.00 Total Credits 0.00

Adjustments 0.00
This accounts for the difference between debits and credits and for FX gains and losses

Lock balances at 30 Jun 2016
Locking ensures no accidental edits to balances or transactions are made before this date. Only users with Adviser roles will be able to make any changes. [Read more](#)

[Save](#) [Cancel](#)

Starting with the right numbers [Get more help](#)

What's this?

1. Enter bank balances as they were on this date
2. Enter total outstanding invoices on this date
3. Enter total outstanding bills on this date
4. Enter any other balances
5. Confirm

2. Add two lines using the **add line** button
3. Add the following details into the new lines:

Account (row 1)	Business Bank Account
Account (row 2)	Business Savings Account

4. For the Business Bank Account (row 1), enter 3000 into the **debit** column
5. or the Business Savings Account (row 2), enter 10000 into the **debit** column

The screenshot shows the 'Conversion Balances' settings page. At the top, there are navigation tabs: Dashboard, Accounts, Payroll, Reports, Adviser, Contacts, and Settings. Below the tabs, there are buttons for '+ Add Comparative Balances' and 'Conversion Date'. The date range is set to '1 Jul 2015 - 30 Jun 2016'. The main table has columns for Account, Debit, and Credit. The 'Business Bank Account' row has a debit of 3,000.00, and the 'Business Savings Account' row has a debit of 10,000.00. Below the table, there are buttons for 'Add a new line', 'Show all accounts', and 'Remove zero balances'. The 'Total Debits' are 13,000.00 and 'Total Credits' are 0.00. There is an 'Adjustments' section with a value of 13,000.00. At the bottom, there is a 'Lock balances at 30 Jun 2016' checkbox and a 'Save' button.

6. Click **save** to update the conversion balances for these two bank accounts. You will see a dialogue box confirming that the conversion balances have been saved.

A green notification banner with a checkmark icon and the text "Balances saved for period 1 Jul 2015 - 29 Feb 2016." The banner has a close button (X) in the top right corner.

⚡ Important: entering values in the debit column will record a positive conversion balance for the bank account. If the bank account had a negative balance this would be entered into the credit column.

The below graphics are a reference for the Accounting Equation, and how this affects account movements:

Accounting Equation							
Assets		=	Liabilities		+	Equity	
Debits	Credits		Debits	Credits		Debits	Credits
							
Increase	Decrease		Decrease	Increase		Decrease	Increase

Debit

- ↑ Assets increase
- ↑ Expenses increase
- ↓ Liabilities decrease
- ↓ Owners equity decreases
- ↓ Revenue decreases

Credit

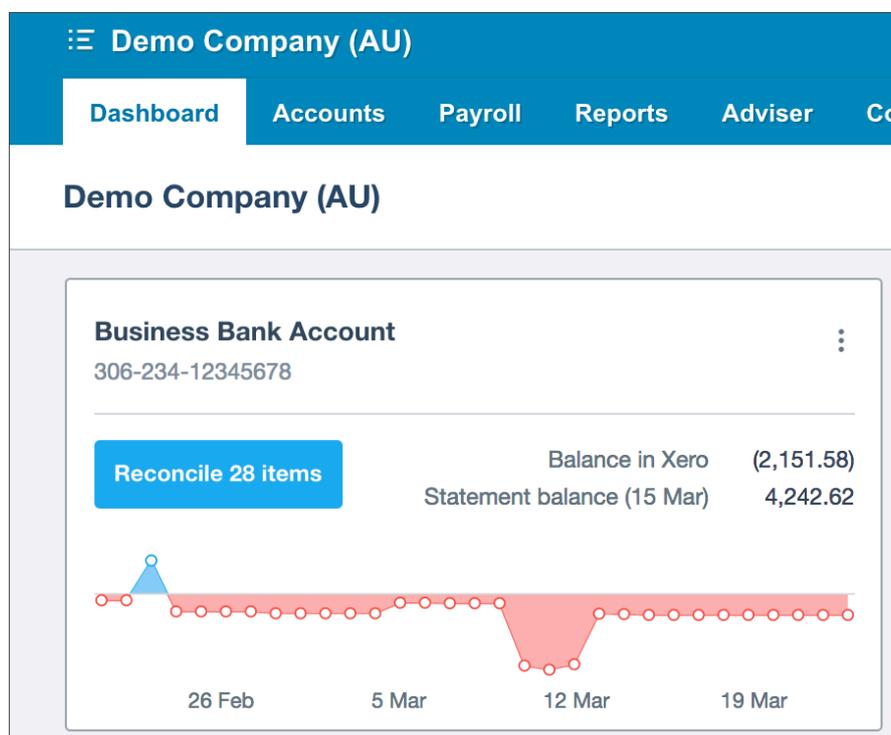
- ↑ Liabilities increase
- ↑ Owners equity increases
- ↑ Revenue increases
- ↓ Assets decrease
- ↓ Expenses decreases

Automatic Bank Feeds

Once a bank account is added to the organisation, you can link the account to a bank feed.

Bank feeds require a one-off setup process, and once completed, transactions will be imported into the bank account in the organisation going forward. Some bank feeds will begin immediately, and others can take up to 10 days to become activated.

Once the transactions arrive into the bank account, they will show as outstanding items to be reconciled. The account will display a button saying 'Reconcile x items' (see below). The frequency of import differs from bank to bank, but generally transactions are updated in Xero on a daily basis.



You won't be setting up a bank feed during this course, as it requires a real bank account and real transactions.

For more information about setting up a bank feed, please see the Xero help centre for more information: <https://help.xero.com/au/BankFeeds>

 **Teachers Note:** most bank accounts will be serviced by a bank feed. If no feed is available directly from the institution, then a third party (Yodlee) can host the feed. Paypal accounts can be added as bank accounts and bank feeds from Paypal are available

Importing Bank Transactions

If no bank feed is available, or if you require historical transactions to be imported into the bank account, then you are able to import bank transactions in bulk via a CSV file.

Other file types accepted are OFX and QIF files. These file types should be available for download from your online banking platform.

EXERCISE 4.3

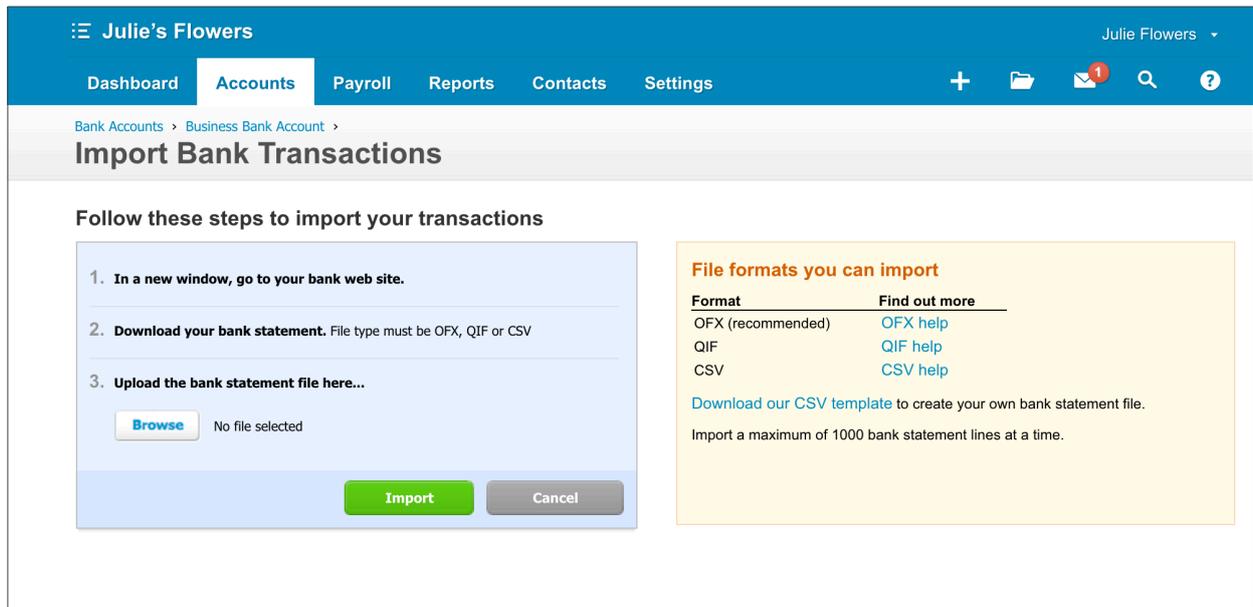
In this exercise you will import a CSV file containing transaction data into the Business Bank Account that you added to the Julie's Flowers organisation earlier. If you haven't already, you will need to download the exercise files. Refer to the Quickstart Guide at the start of this manual and navigate to the URL to access the files.

1. Refer to the exercise files that accompany this workbook, you will need the bank import file, 'Bank Statement - Julies Flowers - Jul 16.csv', download this file and save it somewhere accessible on your computer.
2. Starting on the **Dashboard**, click on the **Manage Account** button

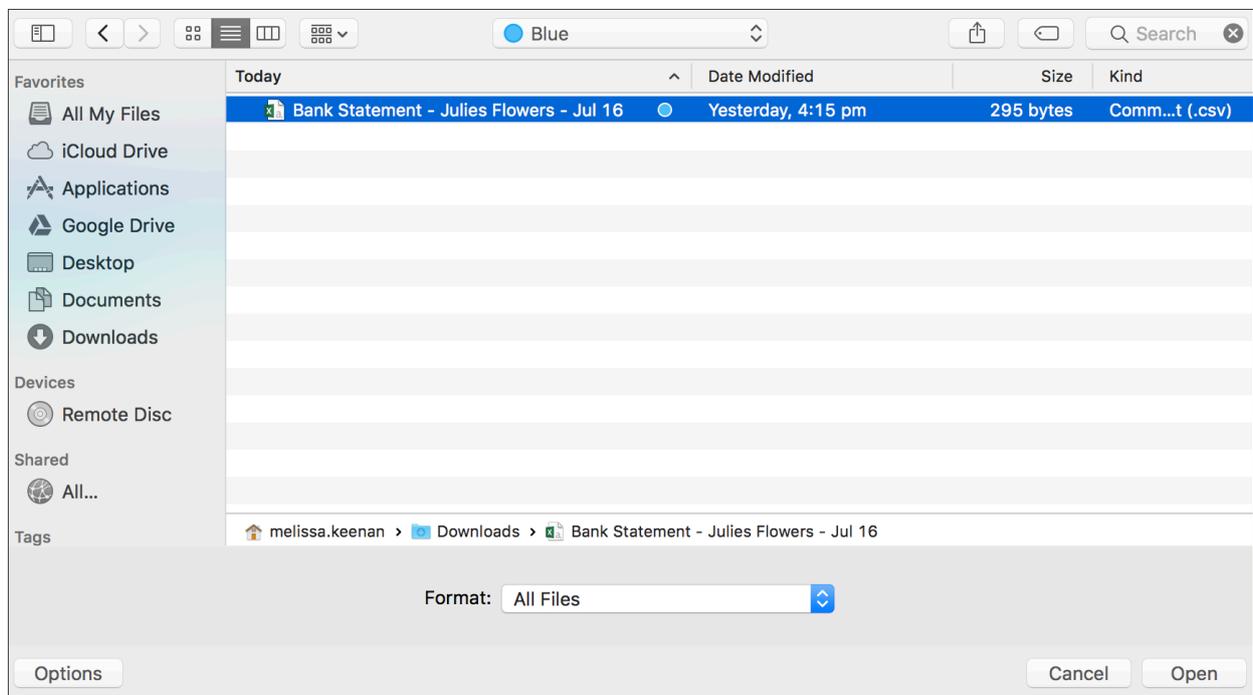


3. Under the **reconcile** column in the pop up menu, select **Import a Statement**

Find	New	Reconcile	BankFeeds
Account Transactions	Spend Money	Reconcile Account	Get bank feeds
Bank Statements	Receive Money	Bank Rules	View Status Updates
	Transfer Money	Reconciliation Report	
		Import a Statement	



4. Click on the **Browse** button 
5. This will bring up the option to select the file, select **Bank Statement - Julies Flowers - Jul 16.csv** from your computer. Click **Open**.



Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll Reports Contacts Settings

Bank Accounts > Business Bank Account >

Import Bank Transactions

Follow these steps to import your transactions

1. In a new window, go to your bank web site.
2. Download your bank statement. File type must be OFX, QIF or CSV
3. Upload the bank statement file here...

[Browse](#) Bank Statement - Julies Flowers.csv

[Import](#) [Cancel](#)

File formats you can import

Format	Find out more
OFX (recommended)	OFX help
QIF	QIF help
CSV	CSV help

[Download our CSV template](#) to create your own bank statement file.

Import a maximum of 1000 bank statement lines at a time.

6. Click on **Import** [Import](#)

The next screen allows you to assign the columns in the CSV file to the fields in Xero using drop down lists. OFX and QIF files don't require this task and will be mapped automatically.

The only compulsory fields that are required for the import to succeed are 'Date' and 'Amount', however you are able to assign a number of other fields if they are included in the file. These are:

- Payee
- Description
- Reference
- Transaction Type
- Cheque Number
- Account Code
- Tax Type
- Analysis

You will now use the drop down lists to select the correct fields in Xero, and match to the statement lines in the CSV.

7. Select **Transaction Date** for the Date row (01/07/2016) in the CSV

8. Select **Transaction Amount** for the Amount row (600) in the CSV
9. Select **Payee** for the Payee row (ABC Furniture) in the CSV

Statement lines imported from your file...

Statement line 1 of 10 < Previous Next >

Statement data...		Assign to...	
Date	01/07/16	Transaction Date	
Amount	600	Transaction Amount	
Payee	ABC Furniture	Payee	

Don't import the first line because they are column headings

Save Cancel

Based on the statement line options you have assigned...

✓ Transaction Date	1 Jul 2016
✓ Transaction Amount	600
✓ Payee	ABC Furniture
⚠ Description	Unassigned
⚠ Reference	Unassigned
⚠ Transaction Type	Unassigned
⚠ Cheque No.	Unassigned
⚠ Account Code	Unassigned
⚠ Tax Type	Unassigned
⚠ Analysis Code	Unassigned

Statement line as it will appear in Xero...

1 Jul 2016	Credit		600.00
ABC Furniture			

10. Once you're finished mapping the columns to the correct fields, you can click **save** to complete the import.

A dialogue box will appear to confirm if the import is successful, and will show how many statement lines were imported. Click **OK** to be taken to the bank reconciliation screen. You will perform the bank reconciliation later in this course. Don't try to do it now as you won't get the full benefits of how Xero's bank reconciliation works to automatically match bank statement lines with transactions created in Xero.

Import Results

10 statement lines were imported. 0 were duplicates..

OK

Julie's Flowers

Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Bank Accounts > **Business Bank Account** 123-456-123456

nab (3,380.00) Statement Balance 3,000.00 Balance in Xero 16 Oct 2016 Reconciliation Report [Manage Account](#)

Automatic bank feeds are available for this account [Get bank feeds](#)

Reconcile (10) [Bank statements](#) [Account transactions](#)

Review your bank statement lines...

	Spent	Received
1 Jul 2016 ABC Furniture		600.00
2 Jul 2016 ABC Furniture	3,000.00	

...then match with your transactions in Xero

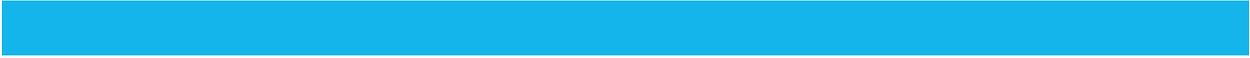
	Spent	Received
Match Create Transfer Discuss		
Who Name of the contact... What Choose the account...		
Why Enter a description...		
Tax Rate		Add details

Important: It is important to note that when importing a CSV file, Xero requires that the amount column contain both money coming into and money going out of the bank account. Some banks will provide a CSV file with two separate columns for money coming in and out of the account. In these cases, some manual consolidation in MS Excel (or other spreadsheet editing software) will be required.

The first time you import and map a CSV file in Xero, your mapping will be retained for future imports.

Check your progress

Skills	Complete
Add two bank accounts for the Julie's Flowers organisation: Business Bank Account & Business Savings Account	
Update the conversion balances for the two bank accounts	
Import 10 bank statement lines into the Business Bank Account using a CSV	



5. Contacts

Learning Outcomes

By the end of this module, you will be able to:

- [create a contact](#)
 - [view and work with contacts](#)
 - [archive a contact](#)
 - [edit an existing contact](#)
-

CONTACTS

Overview

Contacts in Xero stores all of an organisation's contacts. A contact can be a customer, supplier or both.

To view all Contacts, click on **Contacts > All Contacts**. As part of **Module 2: Introduction to Xero**, contacts were imported using a CSV template.

You can see these contacts here:

The screenshot shows the Xero interface for 'Julie's Flowers'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Contacts' menu is open, showing 'All Contacts', 'Customers', and 'Suppliers'. Below the menu are buttons for 'Import', 'Export', 'Send statements', and 'Add contact'. The main content area displays a table of contacts with the following columns: 'CONTACT', 'EMAIL', 'YOU OWE THEM', and 'THEY OWE YOU'. The table lists several contacts, including '132 Collins', '7-Eleven', 'ABC Furniture', 'ABPA', 'Alan Williams', and 'ASGARD'. A sidebar on the left shows filters for 'All 75', 'Customers 0', 'Suppliers 0', 'Employees 0', 'Archived 0', 'Groups', 'Smart Lists', and 'Overdue > 7 days'.

CONTACT	EMAIL	YOU OWE THEM	THEY OWE YOU
<input type="checkbox"/> 132 Collins 03-3699876		—	—
<input type="checkbox"/> 7-Eleven		—	—
<input type="checkbox"/> ABC Furniture 0800-124578	info@abfl.com	—	—
<input type="checkbox"/> ABPA		—	—
<input type="checkbox"/> Alan Williams skype: +123demo	awilliams@someaddress...	—	—
<input type="checkbox"/> ASGARD		—	—

Within an entry you can store generic information such as contact details, and also financial details such as default accounts, tax rates, discounts and invoice due dates.

Once a contact is created, you can raise sales invoices, create purchase transactions or use a combination of both, all for a single contact record.

You can view a detailed history of these transactions recorded for this contact under their contact entry.

☰ Demo Company (AU) Julie Flowers ▾
Dashboard Accounts Payroll Reports Adviser **Contacts** Settings

Contacts >
ABC Furniture

New ▾
Options ▾ Edit

No bills awaiting payment YOU OWE **0.00**

You usually pay in 7 days - [View recent bills report](#)

1 purchase order outstanding

ITEM	ACTIVITY DATE ▾	TOTAL
Purchase order awaiting payment - PO-0006 20 Sep 2016, Ref: 711	Delivers 16 days ago	900.00

Contact Details

Contact Person
Trish Rawlings

info@abfl.com

0800- 124578

Financial Details

Default Currency AUD Australian Dollar

Money out over last 12 months

You can also create a transaction for a particular contact, right from the contacts screen, by using the **New** button at the top.

☰ Demo Company (AU) Julie Flowers ▾
Dashboard Accounts Payroll Reports Adviser **Contacts** Settings

Contacts >
ABC Furniture

New ▾

No bills awaiting payment YOU OWE **0.00**

You usually pay in 7 days - [View recent bills report](#)

1 purchase order outstanding

ITEM	ACTIVITY DATE ▾	TOTAL
Purchase order awaiting payment - PO-0006 20 Sep 2016, Ref: 711	Delivers 16 days ago	900.00

Contact Details

Contact Person
Trish Rawlings

info@abfl.com

0800- 124578

Financial Details

Default Currency AUD Australian Dollar

Money out over last 12 months

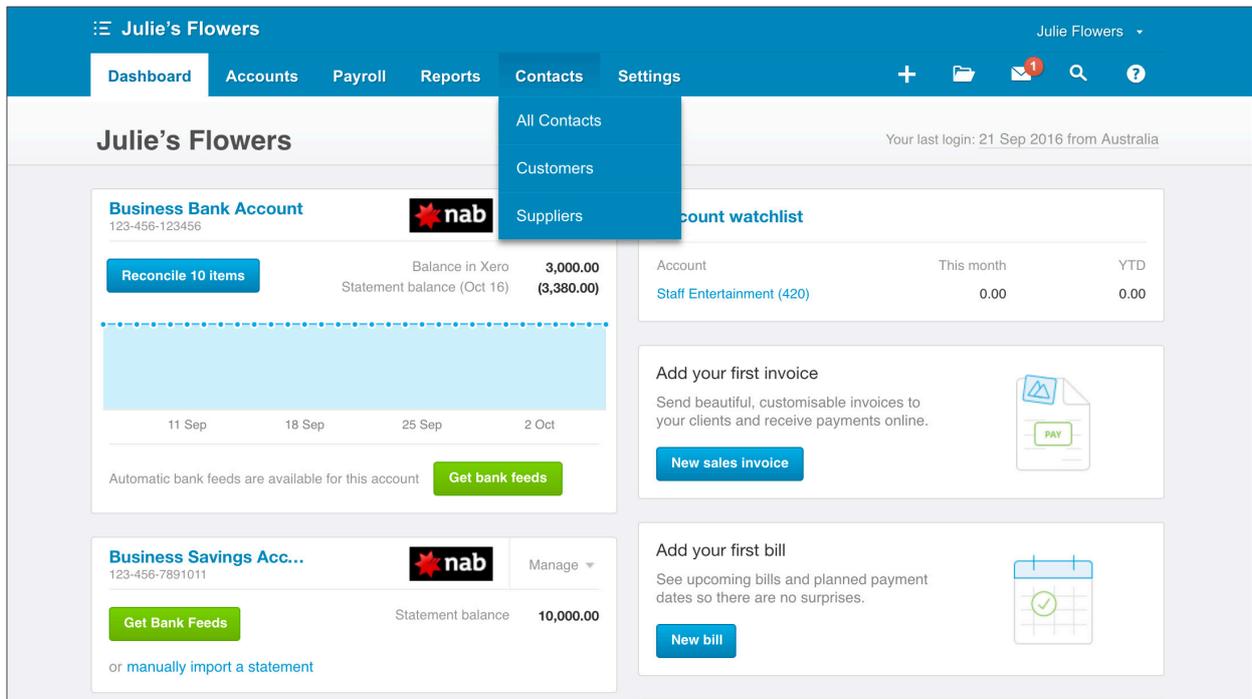
Creating a Contact

Here are some common ways of adding a contact:

- from the contacts tab
- when creating a transaction
- by importing a contacts CSV template

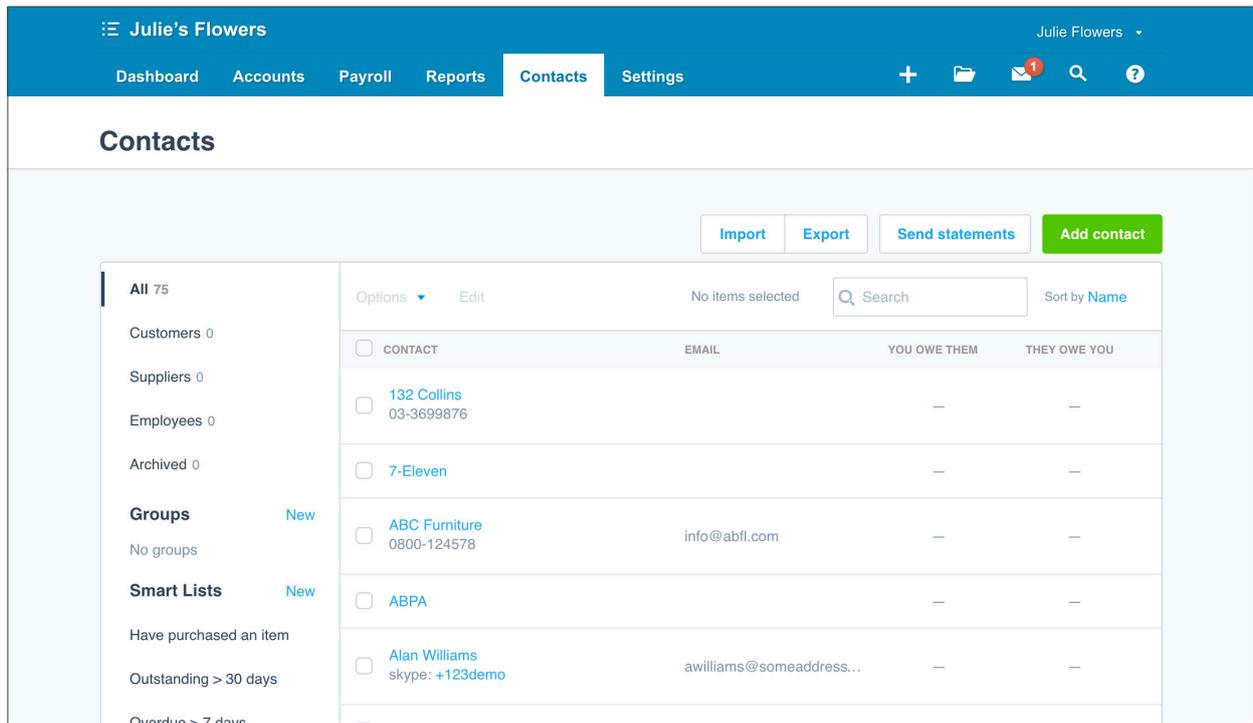
EXERCISE 5.1

Julie's Flowers has acquired a new customer. In the following example, you are going to create a contact entry for the customer Foxglove Studios.

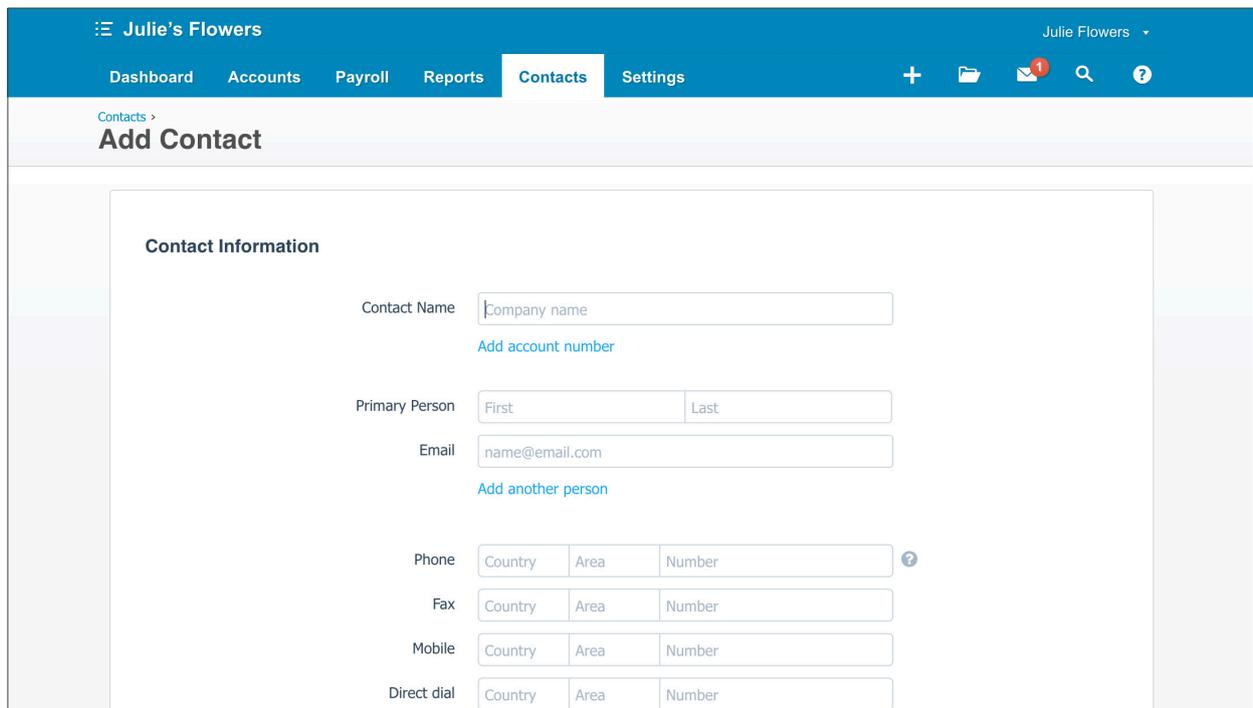


The screenshot shows the Julie's Flowers accounting software interface. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Contacts' menu is open, displaying 'All Contacts', 'Customers', and 'Suppliers'. The main dashboard area features a 'Business Bank Account' section for a NAB account (123-456-123456) with a balance in Xero of 3,000.00 and a statement balance of (3,380.00). Below this is a 'Business Savings Account' section for another NAB account (123-456-7891011) with a statement balance of 10,000.00. On the right, there is an 'Account watchlist' table showing 'Staff Entertainment (420)' with 0.00 for this month and 0.00 YTD. There are also two promotional cards: 'Add your first invoice' with a 'New sales invoice' button, and 'Add your first bill' with a 'New bill' button.

1. Starting at the Dashboard, go to **Contacts > All Contacts**



- Click the **Add contact** button



- Enter the following information for Foxglove Studios under the **Contact Information** section into these selected fields:

Field	Information	Note
Contact name	Foxglove Studios	Mandatory field
Primary person	Evan Bryers	
Email	evan@foxglove.com.au	
Phone	61 03 237 3372	
Website	www.foxglove.com.au	
Find address	(leave blank)	If you begin entering an address, this function searches Whitepages for an entry. Designed to save you time filling out an address.
Postal address	7 Swanston Street	
City / Town	Melbourne	
State / Region	VIC	
Postal / Zip	3000	
Country	Australia	

[Contacts >](#)
Add Contact

Contact Information

Contact Name
[Add account number](#)

Primary Person

Email
[Add another person](#)

Phone 

Fax

Mobile

Direct dial

Skype Name/Number 

Website

4. Under Street Address, click **Same as postal address**

Street Address
Same as postal address

Find address

Attention

City/Town

State/Region Postal / Zip Code

Country

This will copy down the postal address to the street address fields. This will save you time if the two addresses are the same.

Under the **Financial Details** section, enter the following into the selected fields:

Field	Information	Note
ABN	98111133334	
Default sales GST	GST on Income	
Default purchases GST	GST on Expenses	Although we are primarily setting up this contact as a business we sell to, we may also purchase from this business in the future. To save time later on it's easy to set both GST defaults during this setup.
Sales Discount %	10	
Invoices Due Date	7, day(s) after the invoice date	Type 7, then use the drop down list to select 'day(s) after the invoice date'

Financial Details All defaults can be overridden on individual transactions

Sales Settings (None) [dropdown]
 Default account [dropdown]

Purchase Settings (None) [dropdown]
 Default account [dropdown]

Tax 98111133334 [input] ⓘ
 GST Free Income [dropdown]
 GST Free Expenses [dropdown]

5. Click **Save**

This will take you to the new contact entry for Foxglove Studios.

Julie's Flowers Julie Flowers [dropdown]

Dashboard Accounts Payroll Reports **Contacts** Settings

Contacts > **Foxglove Studios**

✓ Foxglove Studios has been saved. [close]
[Edit Contact](#) [Add a New Contact](#)

New [dropdown]

Options [dropdown] Edit

Track your cashflow with this contact
 See how much you spend and receive with this contact on a monthly basis.
 Add an [invoice](#) or [bill](#) to get started.

Contact Details

Contact Person
 Evan Bryers

✉ evan@foxglove.com.au

☎ 61- 03- 237 3372

🌐 <http://www.foxglove.com.au>

📍 Postal Address
 7 Swanston Street

Money and over last 12 months

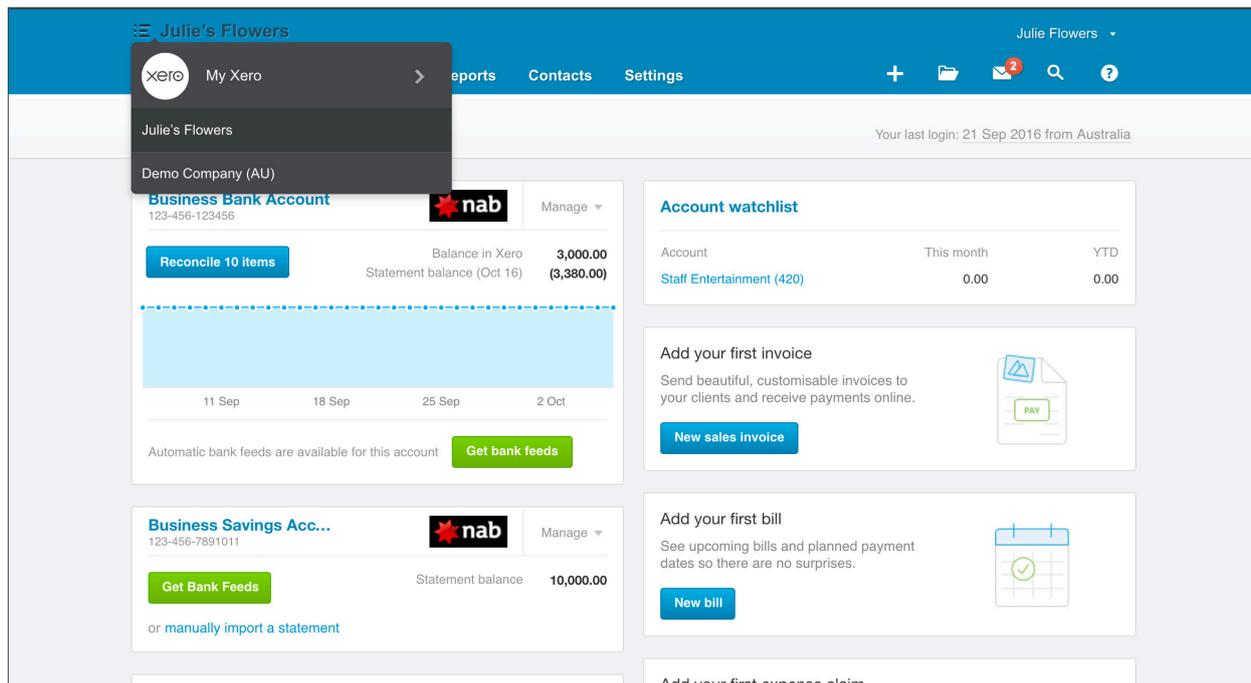
 **Teacher Note:** if you have a number of contacts to add at once, using the CSV template is an efficient way of creating or editing contacts in bulk. In Module 2 of this course, you imported contacts into the Julie's Flowers organisation.

View and Work With Contacts

EXERCISE 5.2

In this example you will be using the Demo Company to view an existing contact's details and transaction history.

1. Navigate to My Xero > Demo Company (AU)



2. Click on **Contacts** and select **All Contacts**
3. Scroll down to find the contact for **Bayside Club**, and click on the contact name to view

<input type="checkbox"/>	Bayside Club	Ridge Heights, Madeupville, 02-2024455, secretarybob@bsclub.co skype: bayside577	130.00	234.00
--------------------------	------------------------------	---	--------	--------

From this screen you will see an overview of the transaction history for the Bayside Club.

You can see that the Bayside Club is both a customer and a supplier. Invoices and Bills that are awaiting payment are shown along with a summary of activity.

☰ Demo Company (AU) Julie Flowers ▾
Dashboard Accounts Payroll Reports Adviser **Contacts** Settings + 📁 📧 2 🔍 ?

Contacts >
Bayside Club

New ▾ 📄 Options ▾ Edit

1 invoice awaiting payment THEY OWE **234.00** ^
[View recent invoices report](#)

ITEM	ACTIVITY DATE ▾	TOTAL
📄 Invoice awaiting payment - ORC1039 6 Oct 2016, Ref: GB1-White	Due 24 Oct 2016	234.00 ▾

Contact Details ^

👤 Contact Person
 Bob Partridge

✉ secretarybob@bsclub.co

📞 02- 2024455

📠 Fax
 02- 2025566

📱 Mobile
 01- 7774455

☎ Direct Dial
 02- 2024418

💬 Skype
 bayside577

📍 Postal Address
 Attention: Club Secretary
 P.O. Box 3354

1 bill awaiting payment YOU OWE **130.00** ^
[View recent bills report](#)

ITEM	ACTIVITY DATE ▾	TOTAL
📄 Bill awaiting payment 30 Sep 2016	Due 10 Oct 2016	130.00 ▾

Money in and out over last 12 months

- To view a statement the Bayside club, click on the **Options** drop down and select **Send statement**

📄 **Options ▾** Edit

Send statements

Merge

Archive

👤 Co
 Bo
✉ secretarybob@bsclub.co

- Select **Activity** from the statement type drop down list. Select the last six months using the date drop down, and click **update**



Important: There are two types of statement to choose from:

- **Outstanding statements** show only what's outstanding for the customer as at a certain date. They don't show fully paid invoices.
- **Activity statements** show all activity for that customer within your choice of date range, including any fully paid invoices.

Statement Type

Activity between 1 Apr 2016 and 31 Oct 2016

☰ Demo Company (AU)

Julie Flowers ▾

Dashboard Accounts Payroll Reports Adviser Contacts Settings

+ 📁 📧² 🔍 ?

Sales > Statements >

Statement for Bayside Club as at 31 Oct 2016

Statement Type

Activity between 1 Apr 2016 and 31 Oct 2016

To
Bayside Club
Attention: Club Secretary
P O Box 3354
South Mailing Centre
RIDGE HEIGHTS MADEUPVILLE MVL 6001
AUSTRALIA
[Edit address](#)

Statement Date
31 Oct 2016

Date	Activity	Reference	Due Date	Invoice Amount	Payments	Balance AUD
1 Apr 2016	Opening Balance					0.00
6 Oct 2016	Invoice #ORC1039	GB1-White	24 Oct 2016	234.00		234.00
BALANCE DUE						234.00

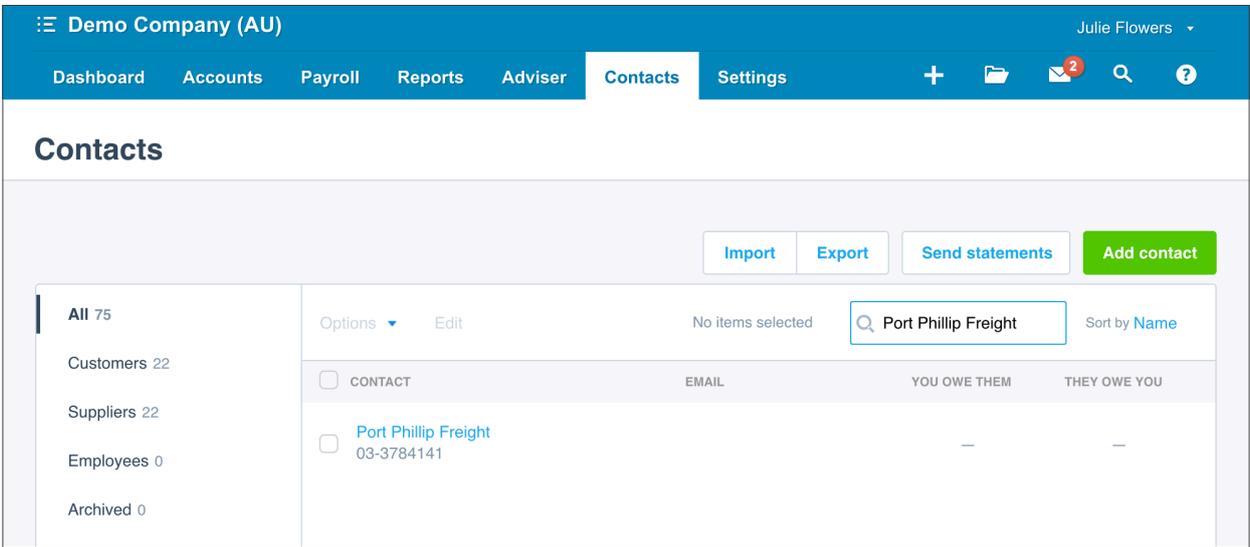
Archive Contact

If you no longer interact with a customer or supplier, it's good practice to archive that contact to prevent transactions being recorded for them in the future.

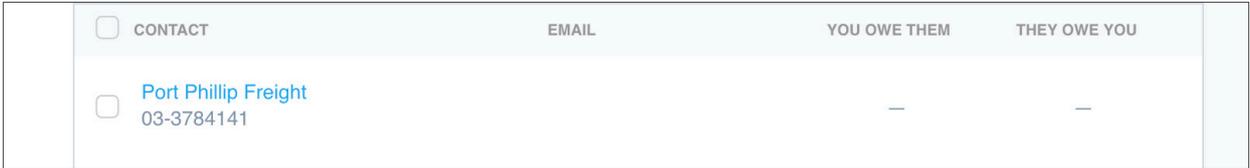
EXERCISE 5.3

Remaining in the Demo Company, you will learn how to archive an existing contact.

- 1. Select **Contacts > All Contacts**
- 2. Using the search function at top of the **All Contacts** page, type in **Port Phillip Freight**



- 3. Click on the **Port Phillip Freight** entry

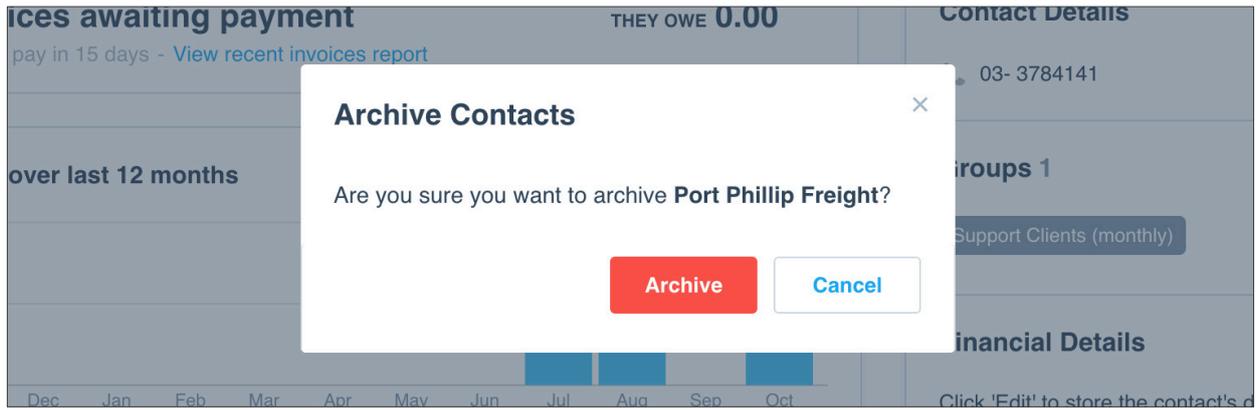


The screenshot shows the Xero interface for a contact named 'Port Phillip Freight'. At the top, the navigation bar includes 'Demo Company (AU)', 'Julie Flowers', and menu items for 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Contacts' menu is active. Below the navigation, there's a 'New' button and a 'Port Phillip Freight' header. A summary card indicates 'No invoices awaiting payment' with 'THEY OWE 0.00'. A bar chart titled 'Money in over last 12 months' shows activity from July to October. On the right, there are sections for 'Contact Details' (phone: 03-3784141), 'Groups 1' (Support Clients (monthly)), and 'Financial Details'. An 'Options' dropdown menu is visible in the top right of the contact card area.

4. Under the **options** drop down in the top right, select **archive**

This close-up screenshot focuses on the 'Options' dropdown menu. The menu is open, showing three options: 'Send statements', 'Merge', and 'Archive'. The 'Archive' option is highlighted. The background shows the 'THEY OWE 0.00' summary card and the 'Groups 1' section.

5. A confirmation message will appear, click **Archive**



Important: Contacts can be deleted completely if they don't have any transactional history recorded.

Otherwise, you will need to use the archive function. An archived contact can be restored at a later date.

Edit a Contact

In this exercise you will edit an existing contact to add additional details. 132 Collins are a supplier of Julie's Flowers.



EXERCISE 5.4

In this exercise, you will edit some financial details for the 132 Collins contact, to save some defaults for more efficient entry of purchases.

1. Navigate to **Julie's Flowers** and go to **Contacts > All Contacts**
2. Click on the 132 Collins contact

Julie's Flowers

Julie Flowers

Dashboard Accounts Payroll Reports **Contacts** Settings

Contacts >
132 Collins

New

Track your cashflow with this contact

See how much you spend and receive with this contact on a monthly basis.

Add an [invoice](#) or [bill](#) to get started.

Options **Edit**

Contact Details

03- 3699876

Financial Details

Click 'Edit' to store the contact's default financial settings, such as accounts, tax rates, and due dates.

Money and over last 12 months

3. Click on the **edit** button in the top right.



Julie's Flowers

Julie Flowers

Dashboard Accounts Payroll Reports **Contacts** Settings

Contacts > View Contact >
Edit 132 Collins

Contact Information

Contact Name

[Add account number](#)

Primary Person

Email

[Add another person](#)

Phone

Fax

Mobile

4. Scroll to the financial details section, under **purchase settings** select **tax inclusive**

5. Under **default account**, enter **461 - Printing and Stationery**

Sales Settings	(None)	⌵
	Default account	⌵
Purchase Settings	Tax inclusive	⌵
	461 - Printing & Stationery	⌵

6. Under **bills due date**, enter 10 and select '**day(s) after the bill date**'.

Bills Due Date	10	day(s) after the bill date	⌵
Invoices Due Date	Due	of the following month	⌵

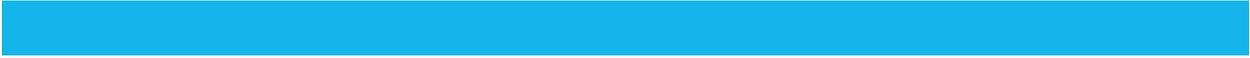
7. Click **save** to update the 132 Collins contact.

 132 Collins has been saved. 
[Edit Contact](#) [Add a New Contact](#)

You will return to the 132 Collins contact screen, with a confirmation dialogue that the contact has been saved.

Check your progress

Skills	Complete
Add a new contact for Foxglove Studios in the Julie's Flowers organisation	
View a statement for the Bayside Club contact in the Demo Company	
Archive the Port Phillip Freight contact in the Demo Company organisation	
Edit the financial details for the 132 Collins contact in the Julie's Flowers organisation	



6. Inventory

Learning Outcomes

By the end of this module, you will be able to:

-
- Add an untracked inventory item
 - Add tracked inventory item
 - Understand the basic use of an item
-

INVENTORY

Inventory Items in Xero

If your organisation buys or sells a product or service, you can add these as Inventory Items.

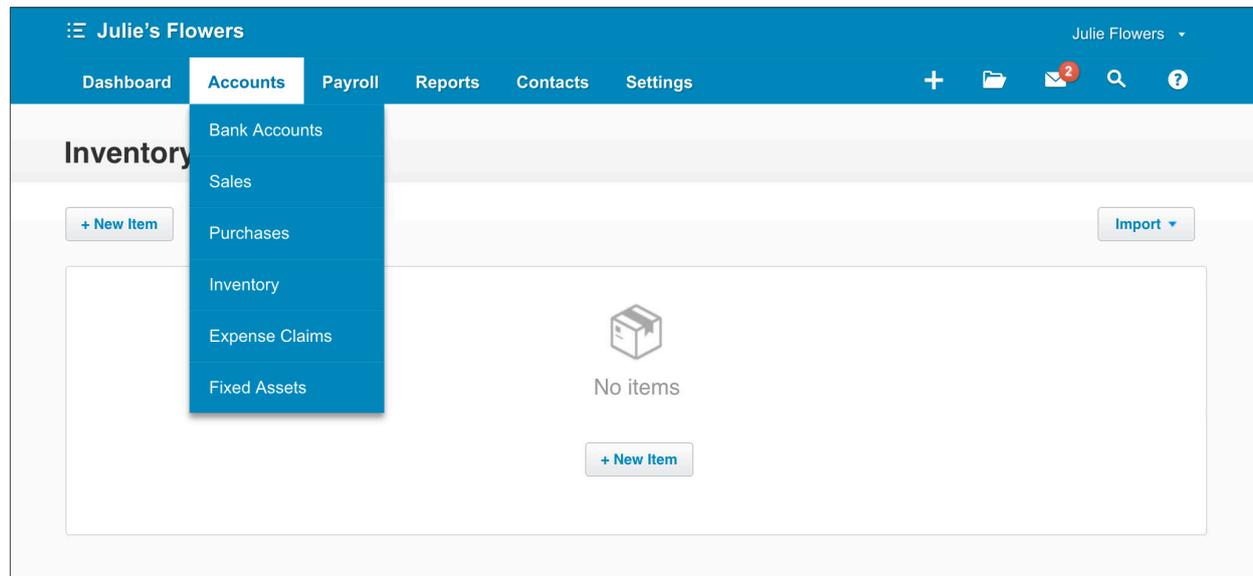
At a minimum, you can use Inventory Items to save details about a product or service that you buy or sell to allow for quick and consistent entry into your invoices or bills. You can also use Inventory items to manage your organisation's inventory on a deeper level.

Inventory in Xero is made up of your items, both tracked and untracked:

- **Untracked Inventory:** simply record the items and services you buy and sell to speed up data entry when you enter invoices, bills and other transactions. Xero won't keep a record of the quantity and value of items on hand. Use untracked inventory if you don't want to manage and account for stock, or you wish to add services for quick entry.
- **Tracked inventory:** enter your items as tracked inventory items to manage and account for your stock. After initial setup, when transactions using tracked items are entered, the quantity and value of your stock will be updated. Only used for actual stock, not services.

You can use a combination of tracked and untracked items in your organisation.

To access inventory management, go to **Accounts > Inventory**.

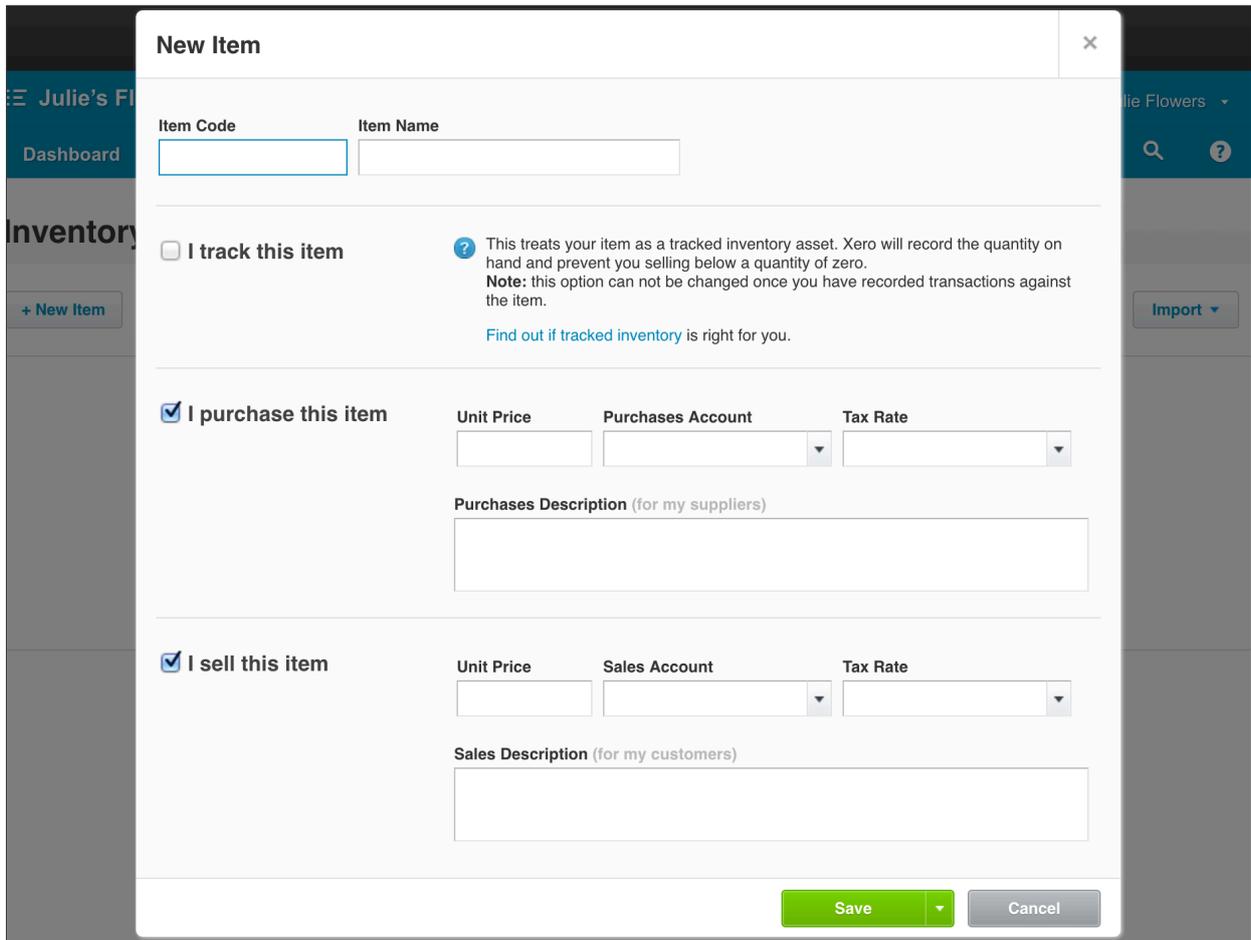


Untracked Inventory

EXERCISE 6.1

In this exercise, you will add an untracked inventory item for a service that Julie’s Flowers offers.

1. Click on the + **New Item** button



New Item [X]

Item Code [] Item Name []

I track this item ⓘ This treats your item as a tracked inventory asset. Xero will record the quantity on hand and prevent you selling below a quantity of zero. **Note:** this option can not be changed once you have recorded transactions against the item. [Find out if tracked inventory](#) is right for you.

I purchase this item

Unit Price [] Purchases Account [] Tax Rate []

Purchases Description (for my suppliers) []

I sell this item

Unit Price [] Sales Account [] Tax Rate []

Sales Description (for my customers) []

[Save] [Cancel]

2. Add the following details into the fields in the New Item screen:

Field	Information
Item Code	1
Item Name	Event Setup
I track this item	Unticked
I purchase this item	Unticked
I sell this item	Ticked
Unit Price	150.00
Sales Account	200 - Sales
Tax Rate	GST on Income
Sales description	Flower arrangements for an event. Hourly rate for labour.

New Item

Item Code: 1 Item Name: Event Setup

I track this item
 ⓘ This treats your item as a tracked inventory asset. Xero will record the quantity on hand and prevent you selling below a quantity of zero.
Note: this option can not be changed once you have recorded transactions against the item.
[Find out if tracked inventory is right for you.](#)

I purchase this item

I sell this item

Unit Price: 150.00 Sales Account: 200 - Sales Tax Rate: GST on Income

Sales Description (for my customers): Flower arrangements for an event. Hourly rate for labour

Save Cancel

3. Click **Save** 

Julie's Flowers Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings + [Folder] [Envelope 2] [Search] [Help]

Inventory

Item added - 1: Event Setup

+ New Item Import

Item Code	Item Name	Cost Price	Sale Price	Quantity
1	Event Setup		150.00	

Teacher Note: When you click the arrow on the right hand side of the save button you are given the option to **Save** and **Save & add another**. When the **Save & add another** option is selected the New Item screen is refreshed so you can instantly add another item.

Unit Price Sales Account Tax Rate

Sales Description (for my customers)

Save

Save & add another

Save Cancel

Tracked Inventory

EXERCISE 6.2

In this exercise, you will add an item that Julie's Flowers physically stocks in the store:

This is a product that is bought from a supplier at one price, and then sold for another price. Quantity is also tracked to assist the business manage stock levels.

This will be added as a tracked item.

1. Click on the + **New Item** button
2. Enter the following details into the **New Item screen**:

Field	Information
Item Code	2
Item Name	Gift Bag
I track this item	Ticked
Inventory Asset Account	630 - Inventory
I purchase this item	Ticked (default)
Purchase Unit Price	2.00
Cost of Goods sold account	310 - Cost of Goods Sold
Purchase Tax Rate	GST on Expenses
Purchase Description	Gift Bag
I sell this item	Ticked (default)
Sales Unit Price	4.00
Sales Account	200 - Sales
Sales Tax Rate	GST on Income
Sales Description	Gift Bag

New Item ✕

Item Code **Item Name**

I track this item

Inventory Asset Account

ⓘ This treats your item as a tracked inventory asset. Xero will record the quantity on hand and prevent you selling below a quantity of zero.
Note: this option can not be changed once you have recorded transactions against the item.

[Find out if tracked inventory is right for you.](#)

I purchase this item

Unit Price **Cost of Goods Sold Account** **Tax Rate**

Purchases Description (for my suppliers)

I sell this item

Unit Price **Sales Account** **Tax Rate**

Sales Description (for my customers)

3. Click **Save**



Julie's Flowers
Julie Flowers ▾

Dashboard Accounts Payroll Reports Contacts Settings
+ 📁 📧² 🔍 ?

Inventory

✔ Item added - 2: Gift Bag ✕

+ New Item

Import ▾
Export ▾

	Item Code ▾	Item Name	Cost Price	Sale Price	Quantity
<input type="checkbox"/>	1	Event Setup		150.00	
<input type="checkbox"/>	2	Gift Bag	6.00	12.00	0.00

Here are some additional inventory items for you to setup:

- Item 3 - Teddy Bear, white with red heart, tracked stock, purchase for \$12.00 incl GST, sell for \$24.00 incl GST
- Item 4 - Delivery charge, untracked service item, sell only, flat rate of \$18.00 incl GST

Check your progress

Skills	Completed
Setup the untracked inventory item 'Event Setup' service for Julie's Flowers	
Setup the tracked inventory item 'Gift Bag' for Julie's Flowers	
Setup additional inventory items to meet organisational requirements and the reporting requirements of GST	



7. Receiving Money: Sales

Learning Outcomes

By the end of this module, you will be able to:

- understand the components of the sales dashboard
 - add a conversion balance for the Accounts Receivable account
 - enter a sales invoice
 - enter a repeating invoice
 - understand each invoice status
-

RECEIVING MONEY: SALES

Sales Dashboard

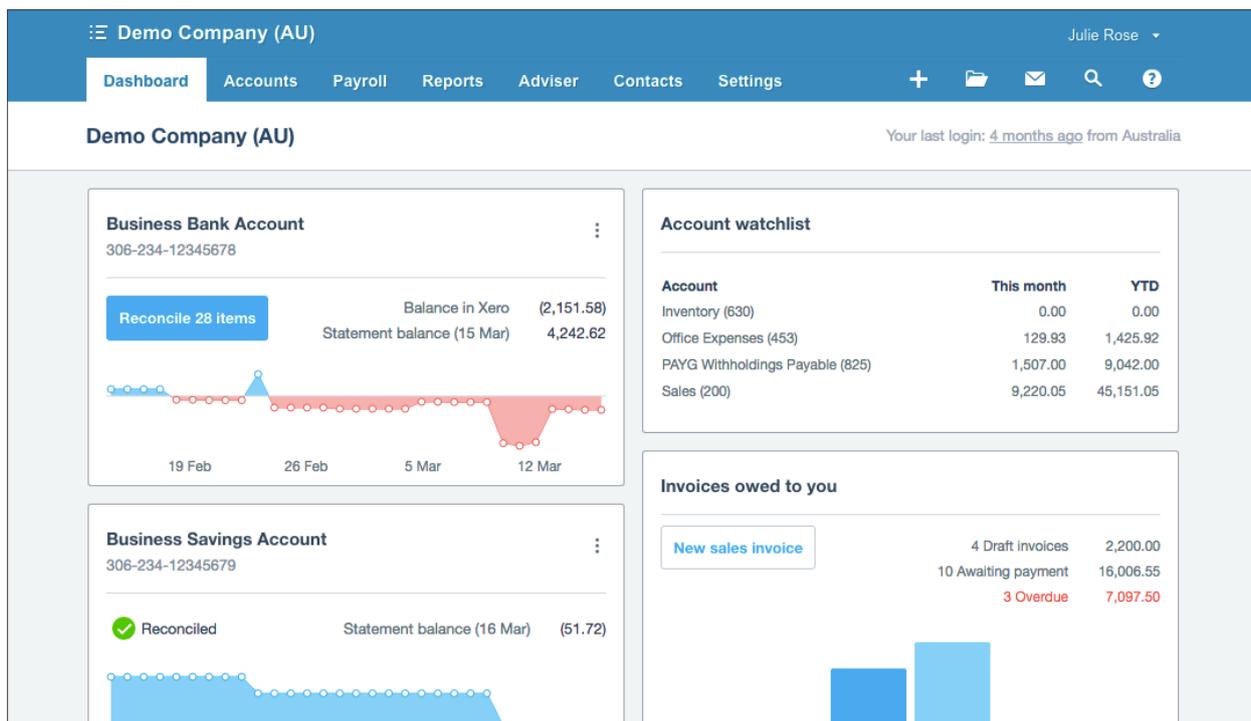
Knowledge of how much cash will be available at any given time, can help an organisation make informed business decisions. As such, understanding how much money is due to come in, and when, from invoices is extremely important information.

The Sales Dashboard provides an overview of any quotes and invoices that are outstanding, their value, and when they are due.

EXERCISE 7.1

Using the **Demo Company**, which contains sample invoice data, you will see the key components of the Sales Dashboard.

1. Go to **My Xero > Try the Demo Company (AU)**



The screenshot shows the Xero Demo Company (AU) dashboard. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The user is identified as Julie Rose, with a last login of 4 months ago from Australia.

Business Bank Account (306-234-12345678):

- Reconcile 28 items
- Balance in Xero: (2,151.58)
- Statement balance (15 Mar): 4,242.62
- Chart showing activity from 19 Feb to 12 Mar.

Business Savings Account (306-234-12345679):

- Reconciled
- Statement balance (16 Mar): (51.72)
- Chart showing activity.

Account watchlist:

Account	This month	YTD
Inventory (630)	0.00	0.00
Office Expenses (453)	129.93	1,425.92
PAYG Withholdings Payable (625)	1,507.00	9,042.00
Sales (200)	9,220.05	45,151.05

Invoices owed to you:

- New sales invoice
- 4 Draft invoices: 2,200.00
- 10 Awaiting payment: 16,006.55
- 3 Overdue: 7,097.50
- Bar chart showing invoice amounts.

2. Click on **Accounts > Sales** to view the Sales Dashboard:

Demo Company (AU) Julie Flowers

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Sales

+ New Send Statements Import Search

Invoices

Paid Repeating See all

Draft (4) 2,200.00	Awaiting Approval (1) 825.00	Awaiting Payment (10) 16,006.55	Overdue (3) 7,097.50
------------------------------	--	---	--------------------------------

Money coming in

Customers owing the most

Ridgeway University	6,187.50	6,187.50
DIISR - Small Business Services	3,850.00	
Pinnacle Management	3,080.00	
Basket Case	914.55	
City Limousines	849.50	910.00

Along the top, you will see the opportunity to create a new invoice (or quote, repeating invoice or credit note) from the + **New** button.

+ New

- Invoice
- Quote
- Repeating invoice
- Credit note
- Invoice to contact group
- Contractors (1)
- Support Clients (monthly) (10)
- Add contact group

Under the Invoices heading, you will see the four different statuses that an invoice can be in, along with the total value of items in this state.

Invoices

Paid Repeating See all

Draft (4) 2,200.00	Awaiting Approval (1) 825.00	Awaiting Payment (10) 16,006.55	Overdue (3) 7,097.50
------------------------------	--	---	--------------------------------

These four states are:

- **Draft:** you can enter information into an invoice, save it as a draft and revisit, or delete, at a later date.
- **Awaiting Approval:** A user with Invoice only (Draft only) user access can create an invoice to submit for approval before progressing to an approved invoice. A user with a higher level of access (Standard user role or above) can approve the invoice.
- **Awaiting Payment:** all approved invoices that have yet to reach their due date. These are live invoices that an organisation can send to customers in an email in the form of an online invoice, or as a PDF copy. These invoices are ready for a payment to be allocated to it, or reconciled to it. The outstanding value of these invoices awaiting payment will show up in reporting, and also under the customer entry.
- **Overdue:** all approved invoices that have not been paid, and are past their due date.

If you click into any of these tabs, you will be able to see a list of all the invoices that make up the totals displayed.

There is also a graph for **Money Coming In**, which displays \$ value across due dates. You will also see the **Customers owing the most** list, which lets you know which customer owes the most on their invoices.

Scrolling down further, you will see the **Quotes** segment of the Sales Dashboard. Similar to the invoice tabs, if you click into any of these tabs, you will be able to see a list of all quotes that make up the totals displayed.

Quotes See all			
Draft None	Sent None	Accepted None	Expired None

 **Important:** online invoices are a concept unique to Xero. Each invoice that is approved and sent to a customer contains a unique link that can be viewed. This functionality also extends to quotes.

The online invoice link will contain all of the relevant invoice information. Third party payment services can be added to online invoices, so that customers can pay online using a credit card.

← [Download] [Alert] [Trash] [Folder] [Tag] More ▾

Invoice INV-0001 from Julie's Flowers for Tracy Green Inbox x Print Share

Julie Flowers <messaging-service@post.xero.com> 12:00 PM (0 minutes ago) ☆ Reply More

to me ▾

Hi,

Here's invoice INV-0001 for \$AUD 165.00.

The amount outstanding of \$AUD 165.00 is due on 10 Oct 2016.

View and pay your bill online: <https://in.xero.com/eBSU2o1FAYnVo5gAFHuDIG36oYbwn74Mkq3wx7Hu>

From your online bill you can print a PDF, export a CSV, or create a free login and view your outstanding bills.

If you have any questions, please let us know.

Thanks,
Julie's Flowers

Reply Forward

Click here to [Reply](#) or [Forward](#)



Important: If this invoice is paid, if a credit note is issued against that invoice, or if a quote is accepted, all updates will be reflected immediately in this online link.

One important benefit is that you can see if a customer has clicked on the online invoice link, eliminating confusion around whether or not they have seen the invoice.

Accounts Receivable Conversion Balance

A conversion balance is the value of a particular account within your Chart of Accounts, as of the conversion date.

You set the conversion date earlier in the course for the Julies Flowers organisation, and you imported several conversion balances within the chart of accounts.

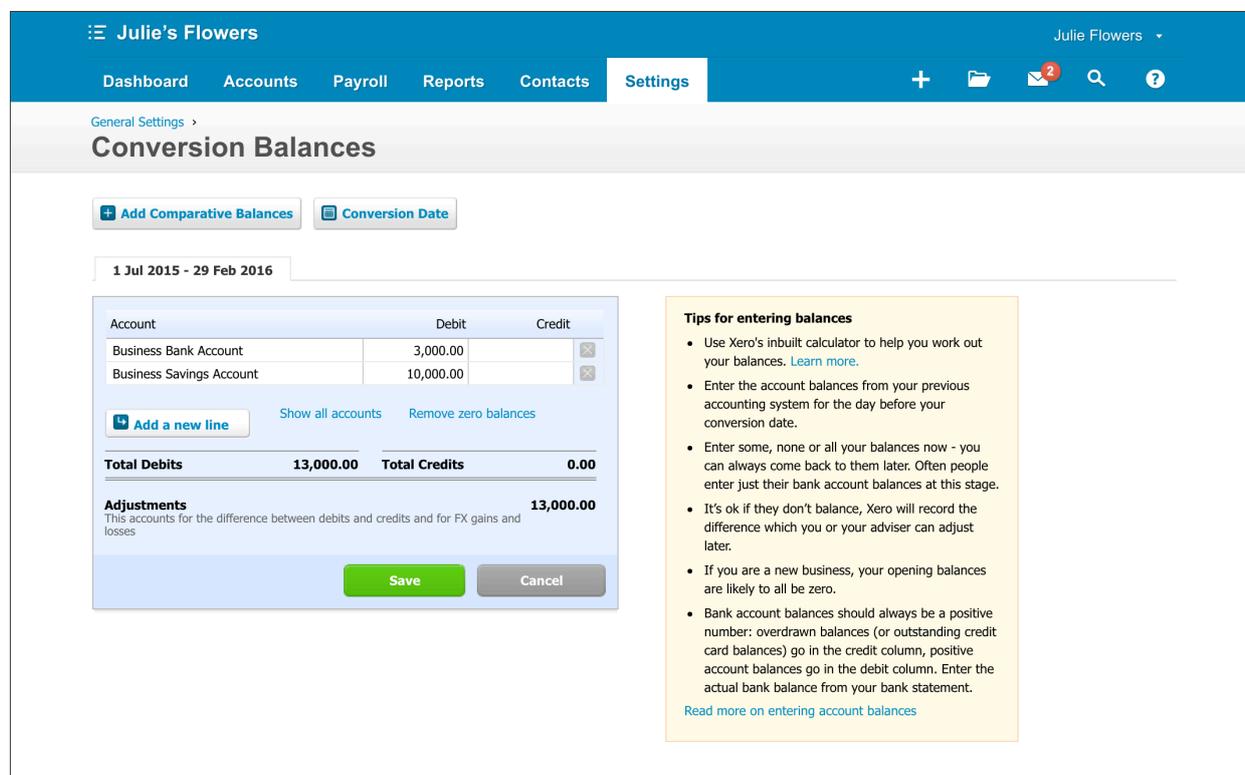
The Accounts Receivable conversion balances are unique. When setting the Accounts Receivable conversion balance, by either importing the balance or by entering it manually into the **Conversion Balances** screen you will be required to enter invoices to show what makes up the total of the conversion balance. This is a unique task of the Accounts Receivable account, and is also required with Accounts Payable.

For example if Julie's Flowers has \$600 in outstanding invoices owing, as of the day that the business converted to Xero, then the invoice(s) that make up this \$600 need to be added to Xero. That way, when payment is received for the invoices there will be a transaction in Xero for it to be matched to.

EXERCISE 7.2

In this exercise, you will be entering a balance in the **Accounts Receivable** account and entering an **invoice** to account for the value of that balance for the Julie's Flowers organisation.

1. Navigate to the Julie's Flowers organisation. **My Xero > Julie's Flowers.**
2. In Julie's Flowers, go to **Settings > General Settings > Conversion Balances**



Conversion Balances

1 Jul 2015 - 29 Feb 2016

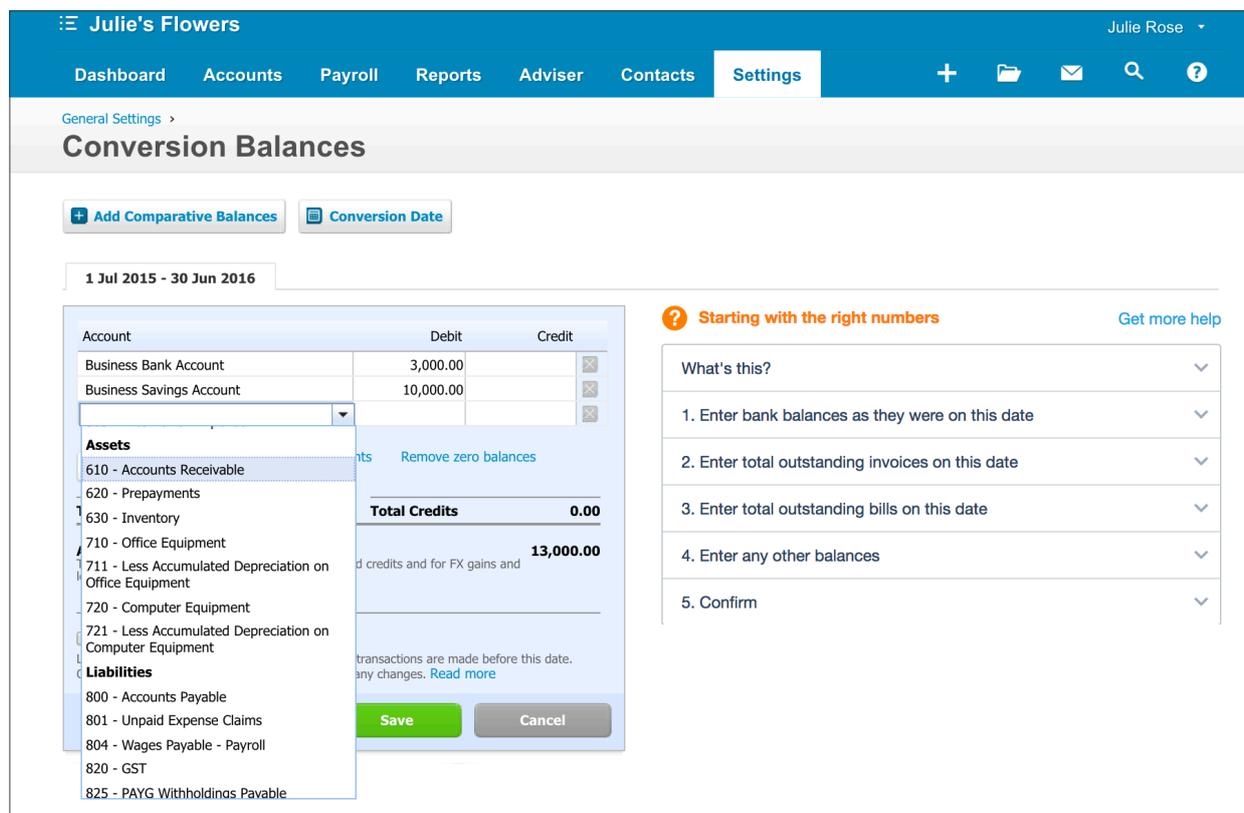
Account	Debit	Credit
Business Bank Account	3,000.00	
Business Savings Account	10,000.00	
Total Debits	13,000.00	Total Credits 0.00
Adjustments		13,000.00

Tips for entering balances

- Use Xero's inbuilt calculator to help you work out your balances. [Learn more.](#)
- Enter the account balances from your previous accounting system for the day before your conversion date.
- Enter some, none or all your balances now - you can always come back to them later. Often people enter just their bank account balances at this stage.
- It's ok if they don't balance, Xero will record the difference which you or your adviser can adjust later.
- If you are a new business, your opening balances are likely to all be zero.
- Bank account balances should always be a positive number: overdrawn balances (or outstanding credit card balances) go in the credit column, positive account balances go in the debit column. Enter the actual bank balance from your bank statement.

[Read more on entering account balances](#)

3. Click on the button **Add a new line**.  This will allow you to add accounts to the conversion balances screen.



The screenshot shows the 'Conversion Balances' interface for 'Julie's Flowers'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The main content area has a 'Conversion Balances' title and two buttons: '+ Add Comparative Balances' and 'Conversion Date'. Below these is a date range selector set to '1 Jul 2015 - 30 Jun 2016'. A table with columns 'Account', 'Debit', and 'Credit' is displayed. The 'Business Bank Account' has a debit of 3,000.00, and the 'Business Savings Account' has a debit of 10,000.00. A dropdown menu is open, showing a list of accounts under 'Assets' and 'Liabilities'. The '610 - Accounts Receivable' account is selected. A 'Save' button is visible at the bottom of the dropdown. To the right, there is a 'Starting with the right numbers' section with a list of steps: 1. Enter bank balances as they were on this date, 2. Enter total outstanding invoices on this date, 3. Enter total outstanding bills on this date, 4. Enter any other balances, 5. Confirm.

On the conversion date, Julie's Flowers had one outstanding invoice with a value of \$600. This had been sent to a client, but the payment has yet to be received into the business bank account.

Entering \$600 in the debit column will indicate that there is \$600 outstanding to be paid from an invoice. Julie's Flowers changed to Xero at the beginning of the month.

4. Using the drop down list, select the **Accounts Receivable** account. Enter **600** into the **Debit column**. Click the **Save** button to confirm the conversion balance.

Save

The next screen shows that the account is out of balance as the individual invoice(s) that make up the total owing as at the conversion date, have not yet been entered.

Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll Reports Contacts **Settings** + 📁 📧² 🔍 ?

Conversion Balances >
Sales Invoices

Enter invoices sent on or before 30 Jun 2016 that have not been fully paid

[+ Add Invoice](#) [+ Add Credit Note](#)

Number	Ref	To	Date	Due Date	Amount Due (30 June 2016) AUD
Use the buttons above to add your historic sales invoices and credit notes.					
Total AUD					0.00
AUD Accounts Receivable Balance					600.00
Balance out by					600.00

Add sales invoices or credit notes to bring this balance to zero.

[Next](#)

- Now you can enter the individual invoice(s) that make up the outstanding balance. You will have the option to either add an invoice(s) or credit note. click on **Add Invoice**.

This will take you to the main invoice entry screen.



Important: this is the same invoice screen that you will see when adding an invoice from the Sales Dashboard or several other entry points.

Dashboard Accounts Payroll Reports Contacts Settings

Conversion Balances > Sales Invoices >

Enter invoice details

To: Date: 29 Feb 2016 Due Date: 10 Oct 2016 Invoice #: INV-0002 Reference:

Currency: AUD Australian Dollar Amounts are: Tax Exclusive

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Amount AUD
⋮							×
⋮							×
⋮							×
⋮							×
⋮							×

[Add a new line](#)

Subtotal 0.00
GST 0.00
TOTAL 0.00

Enter the following details into the fields of the **invoice entry screen**:

Field	Information	Notes about this field
To	ABC Furniture	Customer name. If new, you will be asked if you want to add this as a new contact. You can also select an existing contact from the drop down.
Date	29th Feb 2016	This is the date of invoice entry, or the date the invoice becomes active. Simply using the tab button the keyboard will automatically populate today's date.
Due Date	10 days from invoice date	You can either use the calendar selection tool, alternatively, +10 is a keyboard shortcut to add this.
Invoice #	(automatically populated)	The invoice number is automatically allocated. This is sequential, and the prefix can be customised in Invoice Settings (General Settings > Invoice Settings)
Reference	ABC Event	This is a free text field, which is surfaced on the invoice.
Currency	AUD Australian Dollar	Additional currencies can be added to this list in your settings.

Amounts are	Tax Inclusive	You can also opt to calculate tax on top of the total, or have no tax.
Item (Row 1)	(leave blank)	You can add Items directly from here using the +item button, or select an existing item from the drop down. In this scenario it is a product / item.
Description (Row 1)	Table Arrangements for Event Price is charged per table	Your own description of the item. Enter as much or as little text as you like to describe your goods or services
Qty (Row 1)	9	Quantity can be used both for products or services. In a services context, quantity is generally used for an hourly rate.
Unit Price (Row 1)	50	This can be used as both a fixed rate for a product, and an hourly or fixed rate for a service.
Disc % (Row 1)	(leave empty)	A discount percentage can be added to a row. This will discount the total of the unit price x quantity. This will be applied to just one line.
Account (Row 1)	200 - Sales	This is the account that income from this line item will be allocated to.
Tax Rate (Row 1)	GST on Income	Drop down list contains all existing tax rates from Settings > Tax Rates. You can have different tax rates for different line items.
Amount AUD (Row 1)	(leave as 250)	The value in the line total Amount is generated automatically. It is made up from (Quantity x Unit Price) - Discount %.
Item (Row 2)	1. Event Setup	Select from drop down list, this already exists as an item. In this scenario we are adding a service.
Description (Row 2)	(leave as Flower arrangement for an event. Fixed rate for labour or fixed rate.)	This should already be populated from selecting the existing item 1. Event Setup
Qty (Row 2)	1	As this particular invoice refers to one instance of a fixed rate, enter 1.

Unit Price (Row 2)	(leave as 150)	If this item is selected, it will be automatically populated.
Disc %	(leave blank)	If this item is selected, it will be automatically populated.
Account	(leave as 200 - Sales)	If this item is selected, it will be automatically populated.
Tax Rate	(leave as GST on Income)	If this item is selected, it will be automatically populated.
Amount AUD	(leave as is)	The amount is the line total is generated and is generated automatically. It is made up from (Quantity x Unit Price) - Discount %.

Julie's Flowers
Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Conversion Balances > Sales Invoices >

Enter invoice details

To	Date	Due Date	Invoice #	Reference
ABC Furniture	29 Feb 2016	10 Mar 2016	INV-0002	ABC Event

AUD Australian Dollar
Amounts are Tax Inclusive

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Amount AUD
⋮	Table Arrangements for Event Price is charged per table	9.00	50.00		200 - Sales	GST on Income	450.00 ×
⋮	1: Event Setup Flower arrangements for an event. Hourly rate for labour	1.00	150.00		200 - Sales	GST on Income	150.00 ×
⋮							×
⋮							×
⋮							×

Add a new line

Subtotal 600.00

Includes GST 10.00% 54.55

TOTAL 600.00

6. Click **Save** Save

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

Conversion Balances > **Sales Invoices**

✓ Your Total Sales Invoices match your Total Accounts Receivable. Click 'Next' to continue.

Enter invoices sent on or before 30 Jun 2016 that have not been fully paid

+ Add Invoice + Add Credit Note

Number	Ref	To	Date	Due Date	Amount Due (30 Jun 2016) AUD
INV-0001	ABC Event	ABC Furniture	29 Feb 2016	16 Mar 2017	600.00

Total AUD 600.00
AUD Accounts Receivable Balance 600.00

✓ **Matched**

Page 1 of 1 (1 total items) Showing 25 items per page

Next

- If the amount of the invoice matches the amount outstanding in the **Accounts Receivable** account, you will see a green **Matched** icon. Click **Next**
- You will land back on the Conversion Balances page, where you will see that the Accounts Receivable balance has been saved.

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

General Settings > **Conversion Balances**

✓ Balances saved for period 01 Jul 2015 - 30 Jun 2016.

+ Add Comparative Balances Conversion Date

1 Jul 2015 - 30 Jun 2016

Account	Debit	Credit
200 - Sales		0.00
260 - Other Revenue	2,000.00	
270 - Interest Income		0.00
310 - Cost of Goods Sold	0.00	
400 - Advertising		1,000.00
404 - Bank Fees	0.00	
408 - Cleaning	0.00	
412 - Consulting & Accounting	0.00	
416 - Depreciation	0.00	
420 - Entertainment	0.00	
425 - Freight & Courier	0.00	
429 - General Expenses	0.00	
433 - Insurance	0.00	
437 - Interest Expense	0.00	

Starting with the right numbers Get more help

What's this?

1. Enter bank balances as they were on this date
2. Enter total outstanding invoices on this date
3. Enter total outstanding bills on this date
4. Enter any other balances
5. Confirm



Important: when entering conversion balances it is really important to save before navigating away from the page.

Saving frequently will prevent changes from being lost.



EXERCISE 7.3

When working in Xero, the quickest way to add a new invoice from any screen is from the quick start menu. The quick start menu is at the top right of any screen within Xero, and is accessed from this + symbol.

In this next exercise, we will add a second invoice for a cash payment that Julie's Flowers has received for a one off floral arrangement. Julie's Flowers customer 132 Collins has purchased the bunch, and requested an invoice for their accounting records.

1. In Julie's Flowers, click on the quick start menu and and select 'Invoice'
2. Enter the below details into the invoice

Field	Information
To	132 Collins
Invoice Date	4 July 2016
Due Date	4 July 2016
Reference	(Leave blank)
Description	Medium Bouquet
Qty	1
Unit Price	40
Account	200 - Sales
Tax Rate	GST on Income

3. Click 'Approve'.

The screenshot shows the 'New Invoice' form in the Julie's Flowers software. The form is titled 'New Invoice' and is located under the 'Accounts' menu. The form includes the following fields and sections:

- To:** 132 Collins
- Date:** 4 Jul 2016
- Due Date:** 4 Jul 2016
- Invoice #:** INV-0011
- Reference:** (empty)
- Amounts are:** Tax Exclusive
- Table:**

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Amount AUD
	Medium Bouquet	1.00	40.00		200 - Sales	GST on Income	40.00
- Subtotal:** 40.00
- Total GST 10.00%:** 4.00
- TOTAL:** 44.00
- Buttons:** Save, Approve, Cancel

Repeating Invoices

Repeating invoices are created, saved and can be automatically emailed to customers at an interval of your choosing.

Julie's Flowers has a monthly bouquet delivery service, with a set fixed contract. Instead of creating an invoice each time, there is the option to create a repeating invoice for the duration of the contract.

In this exercise, you will create a repeating invoice for a customer of Julie's Flowers.



EXERCISE 7.4

1. In Julie's Flowers, go to the Sales Dashboard: Accounts > Sales
2. Click on the downward arrow on the + New drop down list

The screenshot shows the 'Sales' dashboard in the 'Accounts' section of Julie's Flowers. The '+ New' dropdown menu is open, highlighting 'Repeating invoice'. The dashboard includes a summary table for sales status, a bar chart for sales over time, and a table for customers owing the most.

Awaiting Approval	Awaiting Payment (1)	Overdue (1)
None	600.00	600.00

Customers owing the most	List	Pie
ABC Furniture	600.00	600.00

3. This will bring up a drop down list, select **Repeating invoice**

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Sales > Invoices > **New Repeating Invoice**

Create [Share]

Repeat this transaction every	Invoice Date	Due Date	End Date (Optional)
1 Month(s)	7 Jul 2016	Due 7 of the following month	

Save as Draft
 Approve
 Approve for Sending
 Invoice no. and currency rate (when applicable) will be set on invoice creation date.

Invoice to	Reference
<input type="text"/>	<input type="text"/>

Amounts are: AUD Australian Dollar Tax Exclusive

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Amount AUD	
⋮								×
⋮								×
⋮								×

The New Repeating Invoice screen is similar to the invoice screen, with a few options at the top to control the frequency and other attributes of the repeating invoice.

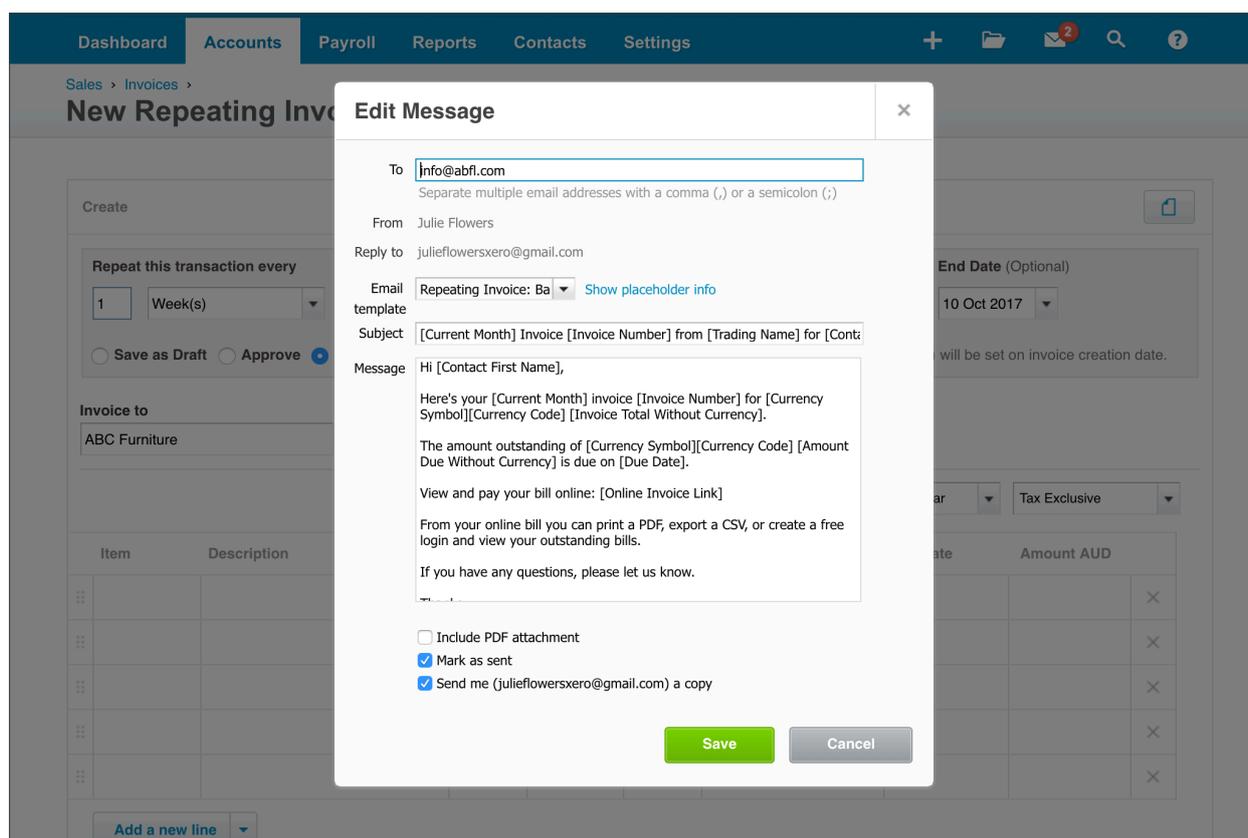
- Enter the following details into the top of the invoice:

Field	Information
Repeat this transaction every	Enter 1 and select Month(s)
Invoice Date	7 July 2016
Due Date	Enter 7 and select day(s) after the invoice date
End Date	(leave blank)
Invoice to	ABC Furniture
Reference	(leave blank)
Amounts are	Tax Inclusive

5. After this information, along with the contact, has been entered you are able to select **Approve for Sending**.

 **Teachers Note:** Approve for Sending will enable the invoice to be automatically sent each month, without any manual intervention required. This email, and other emails which accompany transactions sent from Xero, can be customised. This task can be done under **Settings > Emails**.

6. After **Approve for Sending** has been selected, this will bring up a dialogue box which allows you to edit the outgoing email message that accompanies the invoice. Confirm the email by selecting **Save**.



The screenshot shows the Xero interface with a modal dialog box titled "Edit Message" open over a "New Repeating Invoice" form. The dialog box contains the following fields and options:

- To:** info@abfl.com
- From:** Julie Flowers
- Reply to:** julieflowersxero@gmail.com
- Email template:** Repeating Invoice: Ba (with a "Show placeholder info" link)
- Subject:** [Current Month] Invoice [Invoice Number] from [Trading Name] for [Cont]
- Message:** Hi [Contact First Name],
Here's your [Current Month] invoice [Invoice Number] for [Currency Symbol][Currency Code] [Invoice Total Without Currency].
The amount outstanding of [Currency Symbol][Currency Code] [Amount Due Without Currency] is due on [Due Date].
View and pay your bill online: [Online Invoice Link]
From your online bill you can print a PDF, export a CSV, or create a free login and view your outstanding bills.
If you have any questions, please let us know.
- Options:**
 - Include PDF attachment
 - Mark as sent
 - Send me (julieflowersxero@gmail.com) a copy

At the bottom of the dialog box are "Save" and "Cancel" buttons.

You will now return to the invoice entry screen to complete the remaining details.

7. In the Item field in row 1, under the drop down click **+New Item**.

8. Add the information below for Julie’s Flowers weekly bouquet delivery service into the items list:

Field	Information
Item Code	4. Monthly Bouquet
Item Name	Monthly Bouquet Delivery
I track this item	Unticked
I purchase this item	Unticked
I sell this item	Ticked
Unit Price	40
Sales Account	200 - Sales
Tax Rate	GST on Income
Description	Monthly office delivery

Create 📄

Repeat this transaction every Month(s) Invoice Date Due Date Due of the following month End Date (Optional)

Save as Draft Approve Approve for Sending Invoice no. and currency rate (when applicable) will be set on invoice creation date.

Invoice to Reference

Amounts are: Tax Exclusive

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Amount AUD	
4: Monthly Bouquet Delivery	Monthly office bouquet delivery - medium bunch	1.00	40.00		200 - Sales	GST on Income	40.00	×
								×
								×
								×
								×

Clicking save has created the repeating invoice. Each month on the invoice date, an invoice will automatically be created and sent to ABC furniture for their monthly delivery. After the **End Date**, no further repeating invoices will be created and sent. If no end date is entered, the invoices will keep repeating at the specified interval.

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings + 📁 📧 🔍 ?

Sales > **Invoices**

✓ Repeating Template Saved. [Click to view.](#) ✕

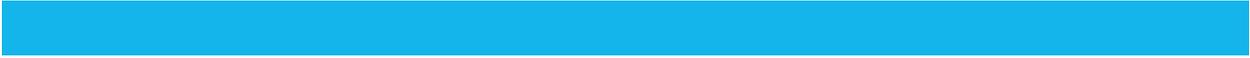
All Draft (0) Awaiting Approval (0) **Awaiting Payment (10)** Paid Repeating

No items selected

<input type="checkbox"/>	Name	Reference	Amount	Repeats	Next Invoice Date	End Date	Invoice Will Be
<input type="checkbox"/>	ABC Furniture		44.00	Every 1 Month	7 Apr 2017		Approved & Sent

Check your progress

Skills	Complete
View the Sales Dashboard for the Demo Company	
Enter a conversion balance in the Accounts Receivable account for Julie's Flowers	
Enter a sales invoice for ABC Furniture which justifies the Accounts Receivable conversion balance	
Enter a repeating sales invoice for ABC Furniture from Julie's Flowers	
Enter a sales invoice for a cash transaction	



8. Spending Money: Purchases

Learning Outcomes

By the end of this module, you will be able to:

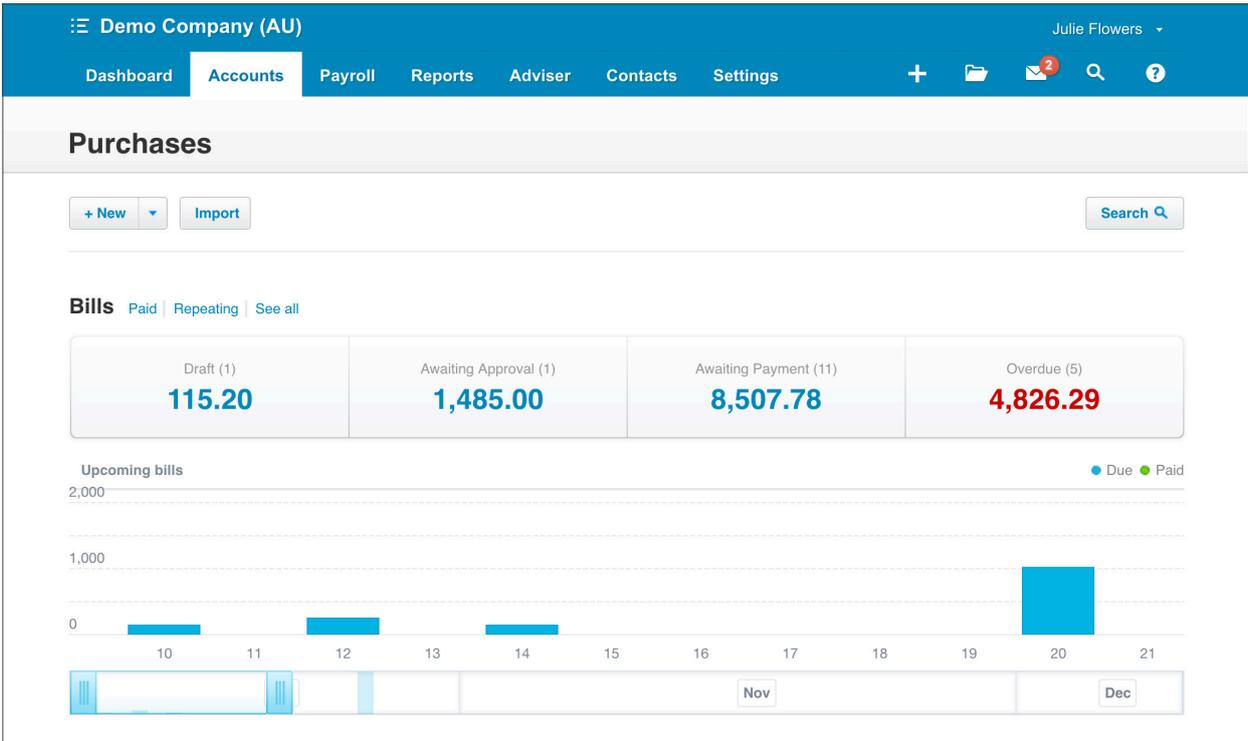
- understand the components of the purchases dashboard
 - set the conversion balance for accounts payable
 - enter a purchase
 - enter a repeating purchase
 - understand each status for a purchases bill
-

SPENDING MONEY: PURCHASES

Purchases Dashboard

The Purchases Dashboard provides insights into how much money is due to be spent for business purchases.

This information is extremely valuable to an organisation, as it will give an understanding of what the outgoing cash commitments are over time.



To have a look at the Purchases Dashboard, you'll log into the Demo Company which contains sample accounts payable data.

Go to **My Xero > Demo Company (AU)**

Demo Company (AU) Julie Flowers

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Demo Company (AU)

Your last login: 6 hours ago from Australia

Business Bank Account

306-234-12345678 **bankwest** Manage

Reconcile 28 items

Balance in Xero: **(2,151.58)**
Statement balance (Oct 5): **4,242.62**

Account watchlist

Account	This month	YTD
Inventory (630)	0.00	0.00
Office Expenses (453)	0.00	1,425.92
PAYG Withholdings Payable (825)	0.00	9,042.00
Sales (200)	795.05	45,151.05

Business Savings Acc...

306-234-12345679 **bankwest** Manage

Reconciled

Statement balance (Oct 6): **(51.72)**

Invoices owed to you

New sales invoice

4 Draft invoices	2,200.00
10 Awaiting payment	16,006.55
3 Overdue	7,097.50

Click on **Accounts > Purchases** to view the Purchases Dashboard.

Demo Company (AU) Julie Rose

Dashboard **Accounts** Payroll Reports Adviser Contacts Settings

Purchases

+ New Import Search

- Bill
- Repeating bill
- Credit note
- Purchase order

See all

Awaiting Approval (1)	Awaiting Payment (11)	Overdue (5)
1,485.00	8,507.78	4,826.29

Upcoming bills

Along the top, you will see the opportunity to create a new bill (or purchase order, repeating bill or credit note) from the + **New**

Under the Bills heading, you will see the four different statuses that a bill can be in, along with the total value of items in this state. The four states are:

- **Draft:** you can enter information into an bill, save it as a draft and revisit, or delete it at a later date.
- **Awaiting Approval:** certain users can be granted access to create a bill to submit for approval before progressing to an approved bill.
- **Awaiting Payment:** all approved bills that haven't reached their due date. These bills are ready for a payment to be allocated to it, or reconciled to it. The outstanding value of these invoices awaiting payment will show up in various reports, and also under their contact entry.
- **Overdue:** all approved bills that have passed their due date.

If you click into any of these tabs, you will be able to see a list of all bills that make up the totals displayed.

There is also a graph for **Money Going Out**, which displays the due dates and values of upcoming bills.

Below the graph, is the **Purchase Orders** section. This section allows you to see the three different stages of purchase orders and total values of all purchase orders in that stage. The three stages are: Draft, Awaiting Approval and Approved.

Accounts Payable Conversion Balance

The Accounts Payable conversion balance, along with the Accounts Receivable conversion balance, requires a bill to justify the balance of the account.

Once a balance is entered into the conversion balances screen, and saved, you will be prompted to enter a bill(s) to show what makes up the total of the conversion balance. This is also the case when an Accounts Payable balance is added in a chart of accounts CSV template and imported.

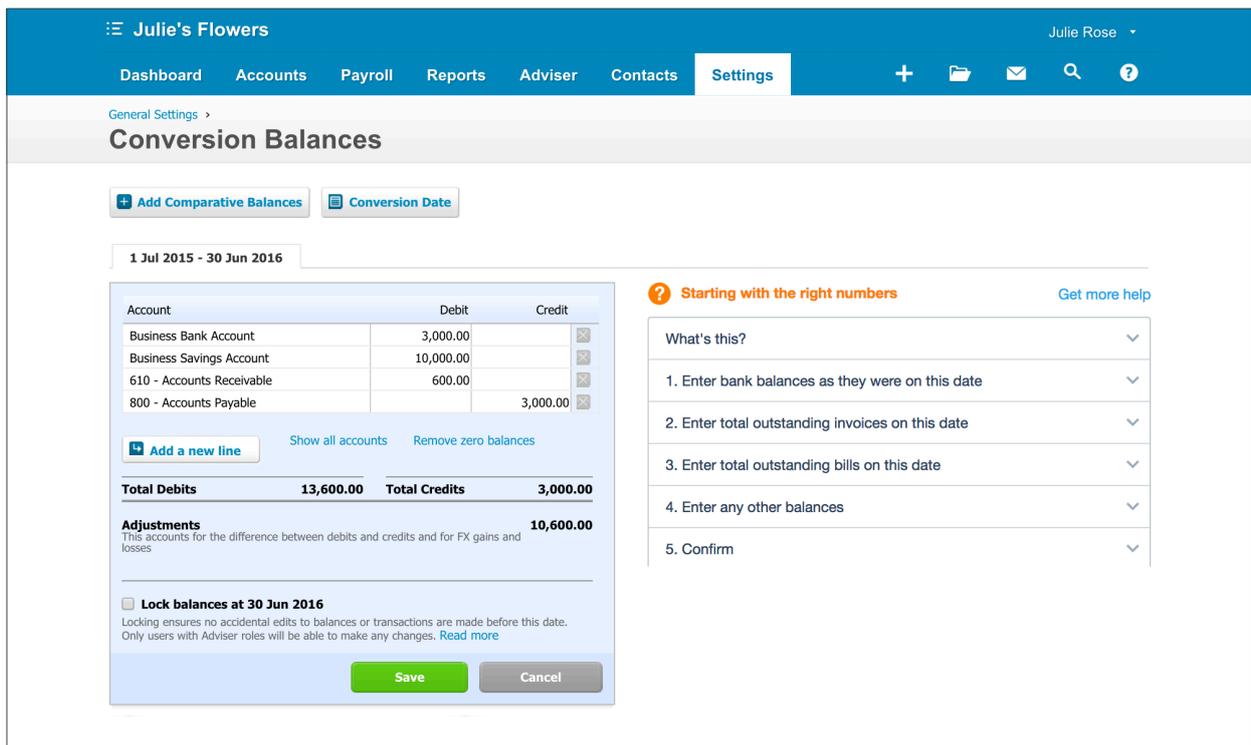
As an example, if Julie's Flowers has an outstanding bill of \$3000 due at the time of conversion, with a payment date after the conversion date, then this bill will need to be entered. Once paid, the amount coming out of the bank account can be matched to the bill.

EXERCISE 8.1

In this exercise, you will be entering a \$3000 credit for the conversion balance in the Accounts Payable account in Julie's Flowers and entering an invoice to account for the value of that balance.

Using the Files feature, you will also be attaching a source document for that transaction directly to the bill. This will substantiate the high value purchase.

1. You will be working in the Julies Flower's trial organisation. Go to **My Xero > Julie's Flowers**
2. Go to **Settings > General Settings > Conversion Balances**
3. In the Conversion Balances screen, add a **new line** for **800 - Accounts Payable**. Add **3000** into the credit column.



Julie's Flowers

Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings

General Settings >

Conversion Balances

[+ Add Comparative Balances](#) [Conversion Date](#)

1 Jul 2015 - 30 Jun 2016

Account	Debit	Credit
Business Bank Account	3,000.00	
Business Savings Account	10,000.00	
610 - Accounts Receivable	600.00	
800 - Accounts Payable		3,000.00

[+ Add a new line](#) [Show all accounts](#) [Remove zero balances](#)

Total Debits 13,600.00 **Total Credits 3,000.00**

Adjustments 10,600.00
This accounts for the difference between debits and credits and for FX gains and losses

Lock balances at 30 Jun 2016
Locking ensures no accidental edits to balances or transactions are made before this date. Only users with Adviser roles will be able to make any changes. [Read more](#)

[Save](#) [Cancel](#)

Starting with the right numbers [Get more help](#)

What's this? [v](#)

1. Enter bank balances as they were on this date [v](#)
2. Enter total outstanding invoices on this date [v](#)
3. Enter total outstanding bills on this date [v](#)
4. Enter any other balances [v](#)
5. Confirm [v](#)

4. Click the **Save** button

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts **Settings**

Conversion Balances > **Bills**

Enter invoices received on or before 30 Jun 2016 that have not been fully paid

[+ Add Bill](#) [+ Add Credit Note](#)

Ref	From	Date	Due Date	Amount Due (30 Jun 2016) AUD
Use the buttons above to add your historic bills and credit notes.				
Total AUD				0.00
AUD Accounts Payable Balance				3,000.00
Balance out by				3,000.00

Add bills or credit notes to bring this balance to zero.

- You will have the option to add a bill or a credit note. Click on the **Add Bill** button

Julie's Flowers Julie Flowers

Dashboard **Accounts** Payroll Reports Contacts Settings

Conversion Balances > Bills > **Enter Bill details**

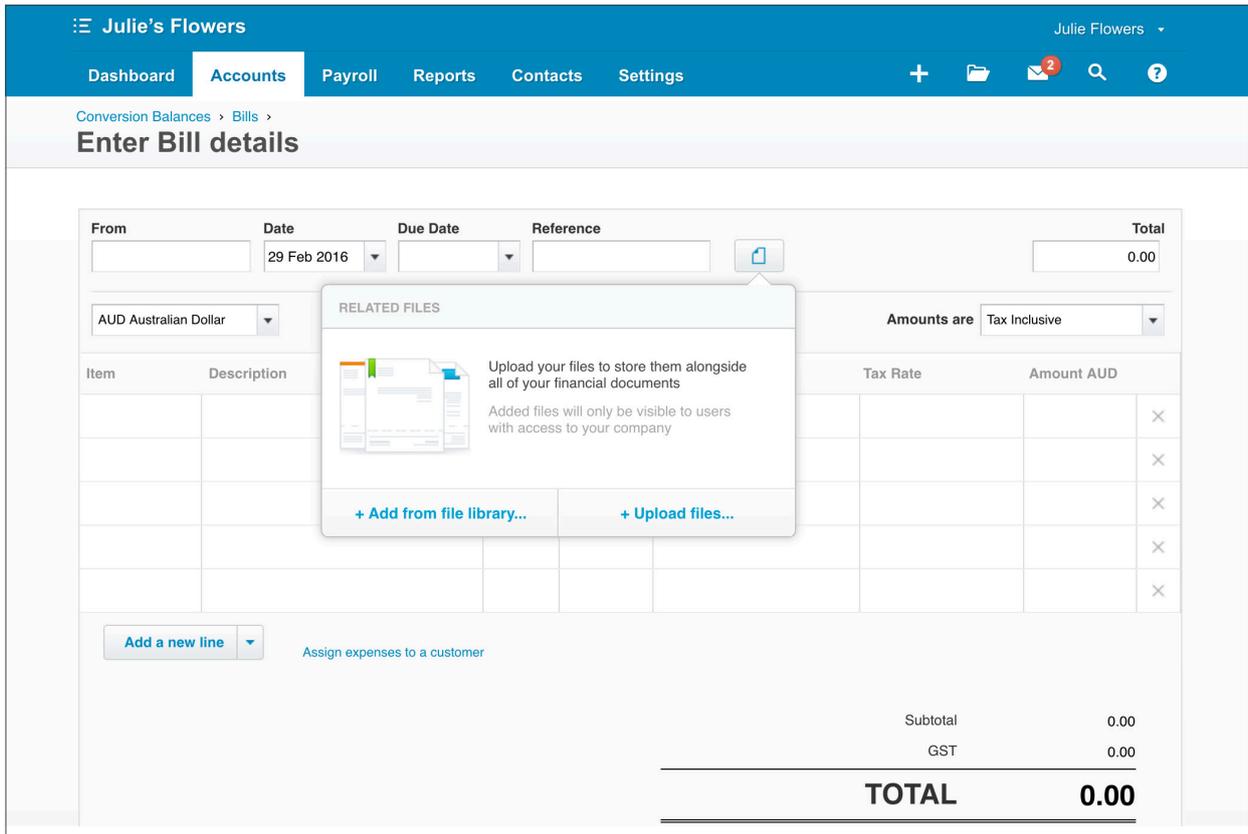
From	Date	Due Date	Reference	Total
<input type="text"/>	29 Feb 2016	<input type="text"/>	<input type="text"/>	0.00

AUD Australian Dollar Amounts are Tax Inclusive

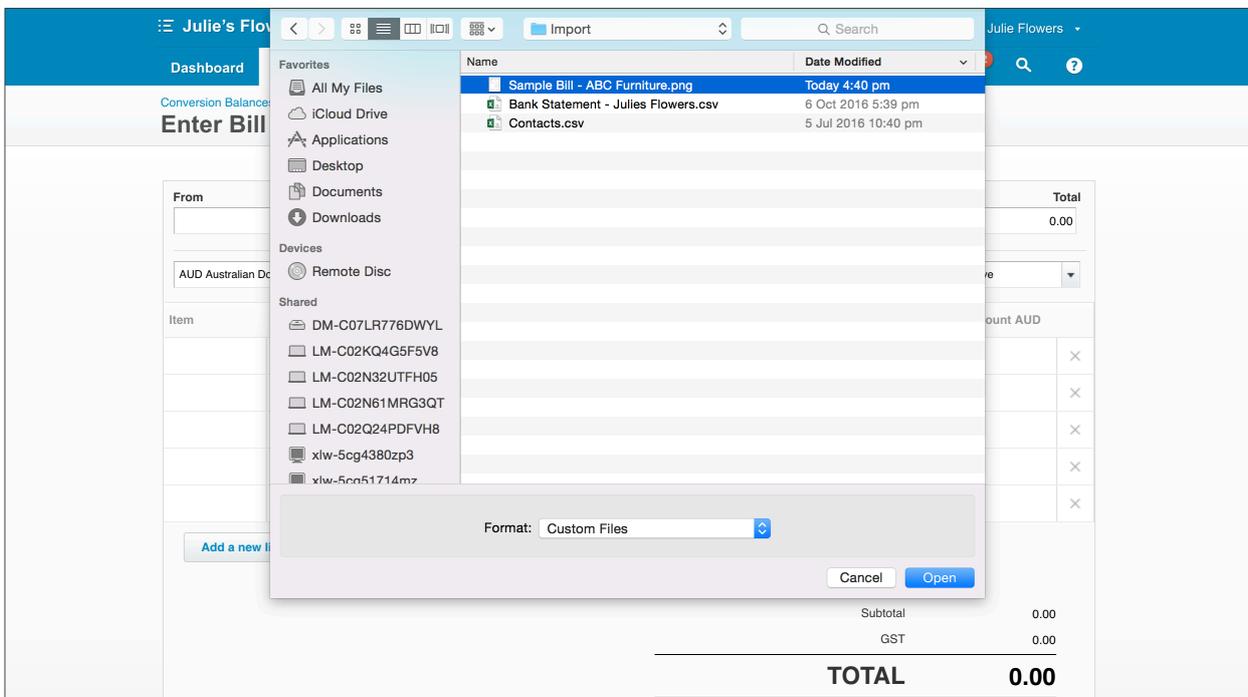
Item	Description	Qty	Unit Price	Account	Tax Rate	Amount AUD
						×
						×
						×
						×
						×

[Add a new line](#) Assign expenses to a customer

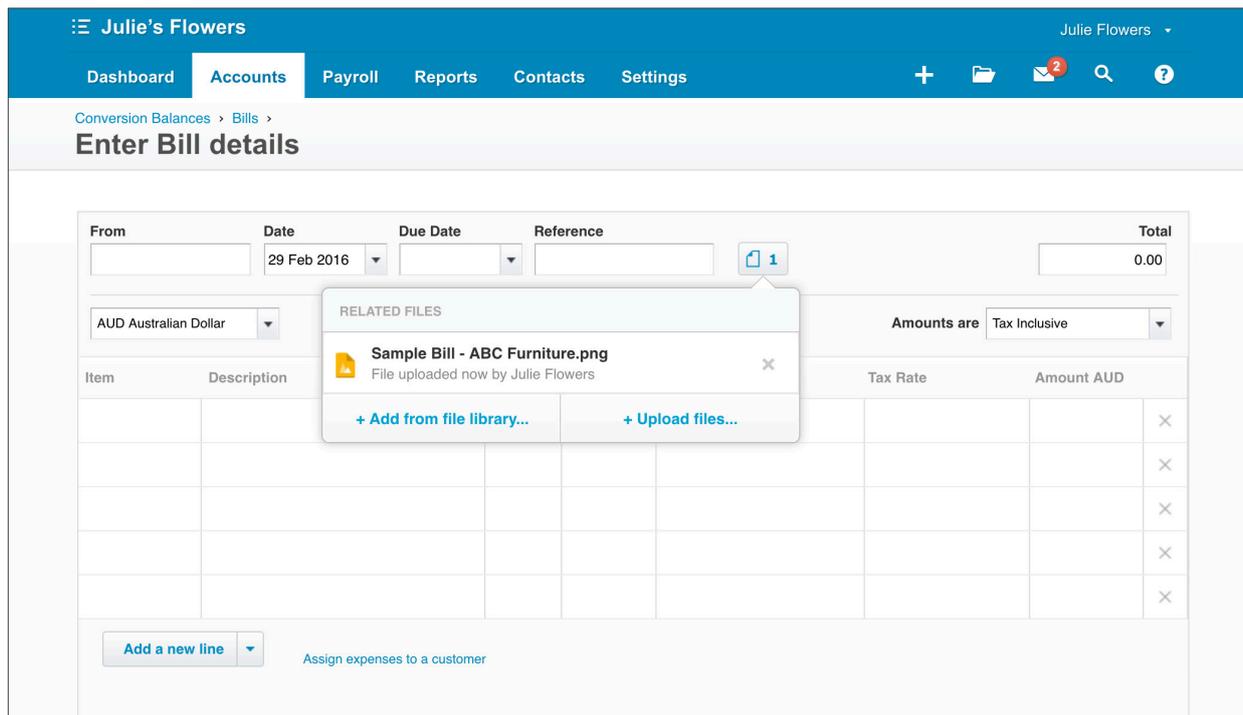
- In the exercise files, open the bill **Sample Bill - ABC Furniture** and save it to your computer. This is the source document that was provided to Julie's Flowers for the purchase that was made.
- You will now upload the source document to the bill. Click on the **Files** symbol next to the **Reference field** 



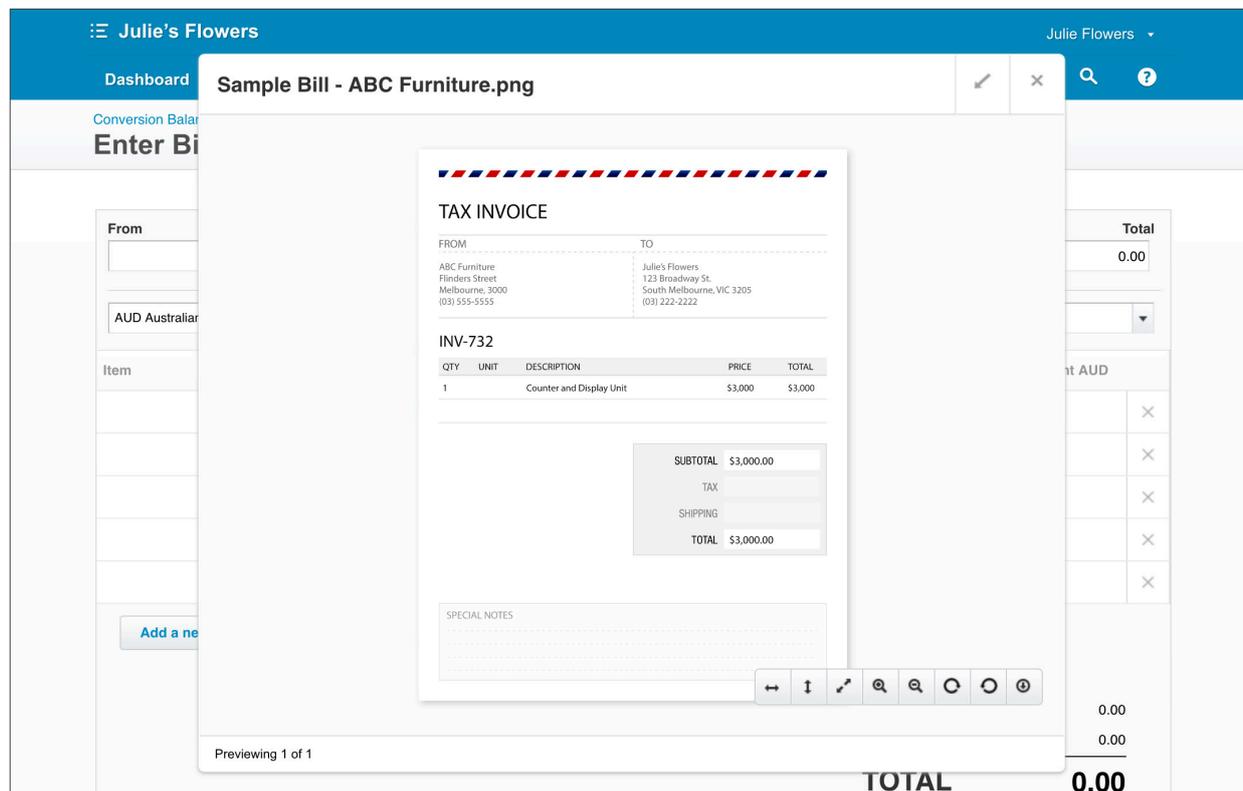
8. Click on the option + **Upload files.**



- Select the bill **Sample Bill - ABC Furniture** from where you saved it in Step 6, and click **Open**. This will allow the file to be saved to the transaction.



- Click on the **uploaded file** to open it up. Original files and documents such as this are often called **source documents** by industry professionals.



11. To minimise the document, click the **arrow** button at the top of the pop up window

This will allow you to view the source document from ABC Furniture and the bill entry screen in the Julie's Flowers organisation side-by-side.

The screenshot shows the Julie's Flowers software interface. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Accounts' menu is active, showing 'Conversion Balances' and 'Bills'. The main area is titled 'Enter Bill details' and is split into two panes. The left pane displays a preview of a 'Sample Bill - ABC Furniture.png', which is a tax invoice. The right pane is a form for entering bill details, including fields for 'From', 'Date' (29 Feb 2016), 'Due Date', 'Reference', and 'Total' (0.00). The currency is set to 'AUD Australian Dollar' and 'Amounts are' is set to 'Tax Inclusive'. A table with columns 'Item', 'Description', 'Qty', 'Unit Price', 'Account', 'Tax Rate', and 'Amount AUD' is present, with one row containing 'Counter and Display Unit' for \$3,000. A 'Subtotal' of \$3,000.00 is shown at the bottom of the table. There are buttons for 'Add a new line' and 'Assign expenses to a customer'.

TAX INVOICE

FROM: ABC Furniture, Flinders Street, Melbourne, 3000, (03) 555-5555
TO: Julie's Flowers, 123 Broadway St, South Melbourne, VIC 3205, (03) 222-2222

INV-732

QTY	UNIT	DESCRIPTION	PRICE	TOTAL
1		Counter and Display Unit	\$3,000	\$3,000

SUBTOTAL: \$3,000.00
TAX:
SHIPPING:

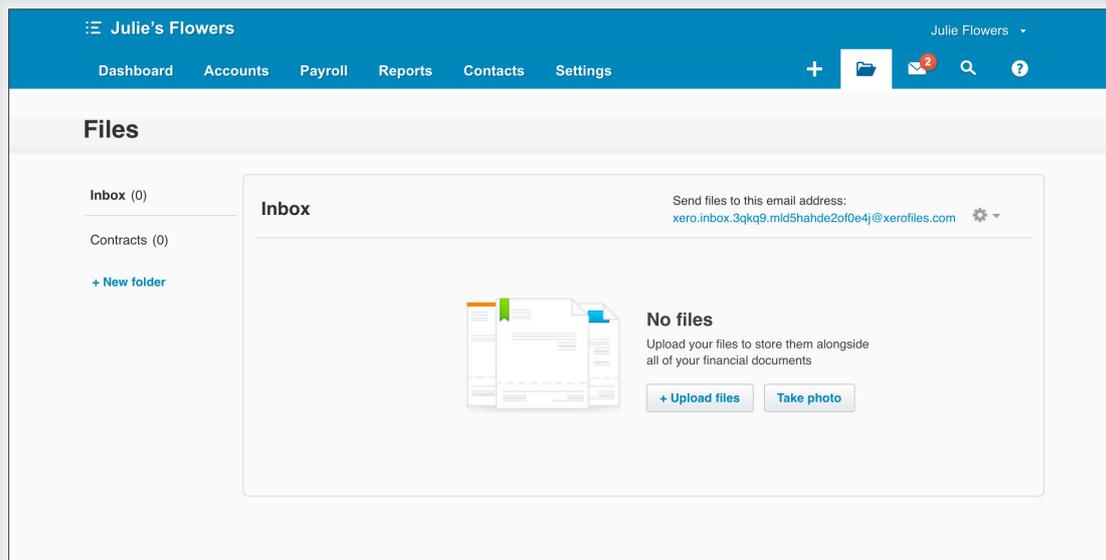
Subtotal: 0.00

⚡ Important: in this example you have uploaded a file directly to a particular transaction. You can also add files to the organisation for use on transactions later, or to simply store. This storage feature is referred to as Files in Xero and can be thought of as an online filing cabinet for the organisation.

In this example, if you had already uploaded the document previously, you would click the + **Add** from file library option initially to select the file.

There are a number of ways to get documents into **Files**. These include using the Xero mobile app, via email, and uploading directly to the Files inbox using browse or dropping and dragging the file.

To access the inbox which will allow you to manage files, click on the folder symbol from any page within the Xero organisation. For more information on Files, see the help centre: <https://help.xero.com/au/Files>



12. Enter the following details into the bill entry screen:

Field	Information	Notes about this field
From	ABC Furniture	Customer name. If new, it will automatically added to contacts. You can also select an existing contact from the drop down.
Date	7/3/2016	This is the date of invoice entry, or the date the invoice becomes active.
Due Date	1/7/2016	Use the calendar selection tool
Reference	INV-732	This is the invoice number from ABC Furniture. This is a free text field, and its optional which information you include here.
Currency	AUD Australian Dollar	Additional currencies can be added to this list in your settings.
Item (Row 1)	(leave blank)	If you don't wish to save an item for use later, you are able to leave this field blank. For example, you could leave this blank if its a one off purchase. This is also true of the invoice entry screen. It's not required to save an item each time.
Description (Row 1)	Counter and Display Unit	Description of the goods or services purchased.
Qty (Row 1)	1	Generally copied from the invoice received from the supplier. This may be an hourly rate or other unit, or 1 for a fixed price.
Unit Price (Row 1)	3000	In this example, \$3000 for the counter and display unit purchased. Could be a fixed price, or hourly rate or other unit.
Account (Row 1)	710 - Office Equipment	Select the account that the purchase expense from this line item will be allocated to.
Tax Rate (Row 1)	GST on Capital	GST on Capital is the default tax rate assigned to the 710 - Office Equipment account. This can be changed at the bill level if necessary, by using the drop down list.
Amount (Row 1)	(leave as 3000)	The value in the line total Amount is generated automatically. It is made up from (Quantity x Unit Price) - Discount %.

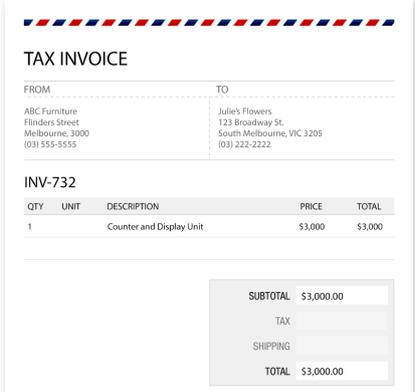
Julie's Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Conversion Balances > Bills >

Enter Bill details

Sample Bill - ABC Furniture.png



TAX INVOICE

FROM: ABC Furniture, Flinders Street, Melbourne, 3000, (03) 555-5555

TO: Julie's Flowers, 123 Broadway St, South Melbourne, VIC 3205, (03) 222-2222

INV-732

QTY	UNIT	DESCRIPTION	PRICE	TOTAL
1		Counter and Display Unit	\$3,000	\$3,000

SUBTOTAL \$3,000.00
TAX
SHIPPING
TOTAL \$3,000.00

From	Date	Due Date	Reference	Total
ABC Furniture	29 Feb 2016	15 Oct 2016	INV-732	0.00

AUD Australian Dollar

Amounts are Tax Inclusive

Item	Description	Qty	Unit Price	Account	Tax Rate	Amount AUD
	Counter and Display Unit	1.00	3,000.00	710 - Office Equipment	GST on Capital	3,000.00

Add a new line Assign expenses to a customer

Subtotal 3,000.00
Includes GST 10.00% 272.73

TOTAL 3,000.00

13. Click **Save**

Julie's Flowers

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Conversion Balances >

Bills

✓ Your Total Bills match your Total Accounts Payable. Click 'Next' to continue.

Enter invoices received on or before 30 Jun 2016 that have not been fully paid

+ Add Bill + Add Credit Note

Ref	From	Date	Due Date	Amount Due (30 Jun 2016) AUD
INV - 732	ABC Furniture	7 Mar 2016	1 Jul 2017	3,000.00

Total AUD 3,000.00
AUD Accounts Payable Balance 3,000.00

Matched

Page 1 of 1 (1 total items) Showing 25 items per page

Next

14. Click the **Next** button

You will land back on the **Conversion Balances screen**, and the balance and transaction has been updated in your **Chart of Accounts**.

15. Click the **Save** button

Julie's Flowers Julie Rose

Dashboard Accounts Payroll Reports Adviser Contacts Settings

General Settings >

Conversion Balances

✓ Balances saved for period 1 Jul 2015 - 30 Jun 2016.

+ Add Comparative Balances Conversion Date

1 Jul 2015 - 30 Jun 2016

Account	Debit	Credit
200 - Sales		0.00
260 - Other Revenue	2,000.00	
270 - Interest Income		0.00
310 - Cost of Goods Sold	0.00	
400 - Advertising		1,000.00
404 - Bank Fees	0.00	
408 - Cleaning	0.00	
412 - Consulting & Accounting	0.00	
416 - Depreciation	0.00	
420 - Staff Entertainment	0.00	
425 - Freight & Courier	0.00	
429 - General Expenses	0.00	
433 - Insurance	0.00	

? Starting with the right numbers Get more help

What's this?

1. Enter bank balances as they were on this date
2. Enter total outstanding invoices on this date
3. Enter total outstanding bills on this date
4. Enter any other balances
5. Confirm

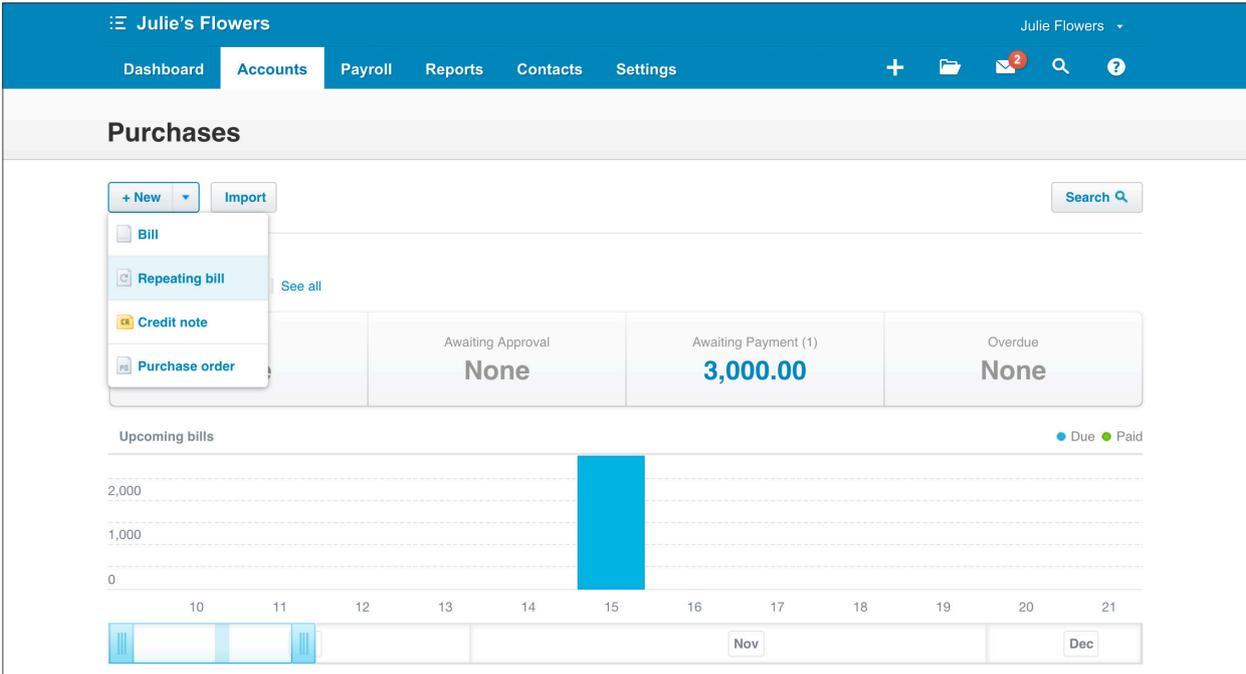
Repeating Bills

You are able to create a repeating bill for purchases that occur regularly. Once set up, a repeating bill will be created automatically in the organisation at an interval of your choosing. You can set the repeating bill to be created as a draft, or straight to an approved bill.

EXERCISE 8.2

In this exercise, you will set up a repeating bill for Julie's Flowers monthly rental payments for the retail shop space.

1. Back in the Julie's Flowers organisation, click **Accounts > Purchases**
2. Click the down arrow on the + **New** button to bring up a list. Select the **Repeating Bill** option.



The screenshot displays the 'Purchases' section of the Julie's Flowers software. At the top, there is a navigation bar with 'Accounts' selected. Below this, the 'Purchases' section is visible, featuring a '+ New' dropdown menu that is open, showing options like 'Bill', 'Repeating bill', 'Credit note', and 'Purchase order'. The 'Repeating bill' option is highlighted. To the right of the dropdown, there is a 'Search' button. Below the dropdown, a summary table shows the status of purchases: 'Awaiting Approval' (None), 'Awaiting Payment (1)' (3,000.00), and 'Overdue' (None). Below the summary table, there is a section titled 'Upcoming bills' with a bar chart. The chart shows a single bar for November 15th with a value of 3,000. The x-axis represents months from 10 to 21, and the y-axis represents the amount from 0 to 2,000. A legend indicates that blue bars represent 'Due' bills and green bars represent 'Paid' bills.

Julie's Flowers Julie Flowers

Dashboard Accounts Payroll Reports Contacts Settings

Purchases > Bills > **New Repeating Bill**

Create

Repeat this transaction every: 1 Month(s) Bill Date: Due Date: Due of the following month End Date (Optional):

Save as Draft Approve

Currency rate (when applicable) will be set on invoice creation date.

Bill from: Reference: Total: 0.00

Amounts are: AUD Australian Dollar Tax Inclusive

Item	Description	Qty	Unit Price	Account	Tax Rate	Amount AUD
						x
						x
						x

- You will now see the **Repeating Bill** entry screen. Along the top in a grey box, you will be able to enter details about the interval, due date and status of the created bill. Enter the following details into the box:

Field	Information
Repeat this transaction every	Enter 1 and select Month(s)
Bill Date	Enter the 1st July
Due Date	Enter 1 and select day(s) after the bill date
End Date	1st November
Bill Status	Select the Approve option
Amounts are:	Tax Inclusive

- Enter the supplier name **Pinnacle Management** in the **Bill from** field.
- In the first row in the bill, enter the following details:

Field	Information
Item (Row 1)	(leave blank)
Description (Row 1)	Type: Monthly rent for the South Melbourne store. Click inside the description box, and you will see the button Insert Placeholder appear above the box Use the drop down list to select Month Year , this will bring up [Month Year] in the body of the description.
Qty (Row 1)	1
Unit Price (Row 1)	4,000
Account (Row 1)	469 - Rent
Tax Rate (Row 1)	GST on Expenses
Amount (Row 1)	(automatically populated as 4,000)



Important: using the Insert Placeholder function will allow current information to be populated each time the bill is created.

In this example using the placeholder [Month Year], each time the bill is created, this placeholder will be populated with current information e.g. July 2016.

Placeholders are also used in other functions in Xero. For example, repeating invoices, email templates, reporting and manual journals. For more information on placeholders, see the help centre.

Create 📄

Repeat this transaction every Month(s) Bill Date Due Date Due day(s) after the bill date End Date (Optional)

Save as Draft Approve Currency rate (when applicable) will be set on invoice creation date.

Bill from Reference Total

Amounts are: Tax Inclusive

Item	Description	Qty	Unit Price	Account	Tax Rate	Amount AUD
⋮	Monthly rent for the South Melbourne store. [Month Year]	1.00	4,000.00	469 - Rent	GST on Expenses	4,000.00 ×
⋮						×
⋮						×
⋮						×
⋮						×

Subtotal 4,000.00
Includes GST 10.00% 363.64
TOTAL 4,000.00

6. Click the **Save** button.

This invoice will now be repeated each month on the 1st. Within the body of the description, the current month and year will be populated each time upon creation.

Julie's Flowers Melissa Keenan

Dashboard Accounts Payroll Reports Adviser Contacts Settings + 📁 9+ 🔍 ?

Purchases > **Bills**

✔ Repeating Template Saved. [Click to view.](#) ✕

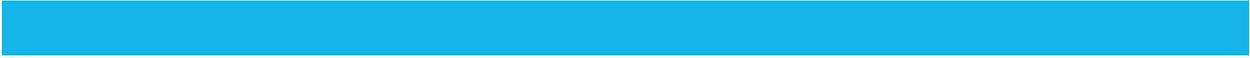
All Draft (0) Awaiting Approval (0) **Awaiting Payment (6)** Paid Repeating

Delete No items selected Search

Name	Reference	Amount	Repeats	Next Bill Date	End Date	Bill Will Be
<input type="checkbox"/> Pinnacle Management		4,000.00	Every 1 Month		1 Nov 2016	Auto Approved

Check your progress

Skills	Complete
View the Purchases Dashboard for the Demo Company	
Enter a conversion balance in the Accounts Payable account for Julie's Flowers	
Enter a bill from ABC Furniture which justifies the Accounts Payable conversion balance	
Attach a file for the source transaction for the ABC Furniture bill	
Enter a repeating bill from Pinnacle Management to Julie's Flowers	



9. Fixed Assets

Learning Outcomes

By the end of this module, you will be able to:

-
- Set up the Fixed Asset Register
 - Record a new fixed asset
 - Edit and dispose of a fixed asset, using book values
-

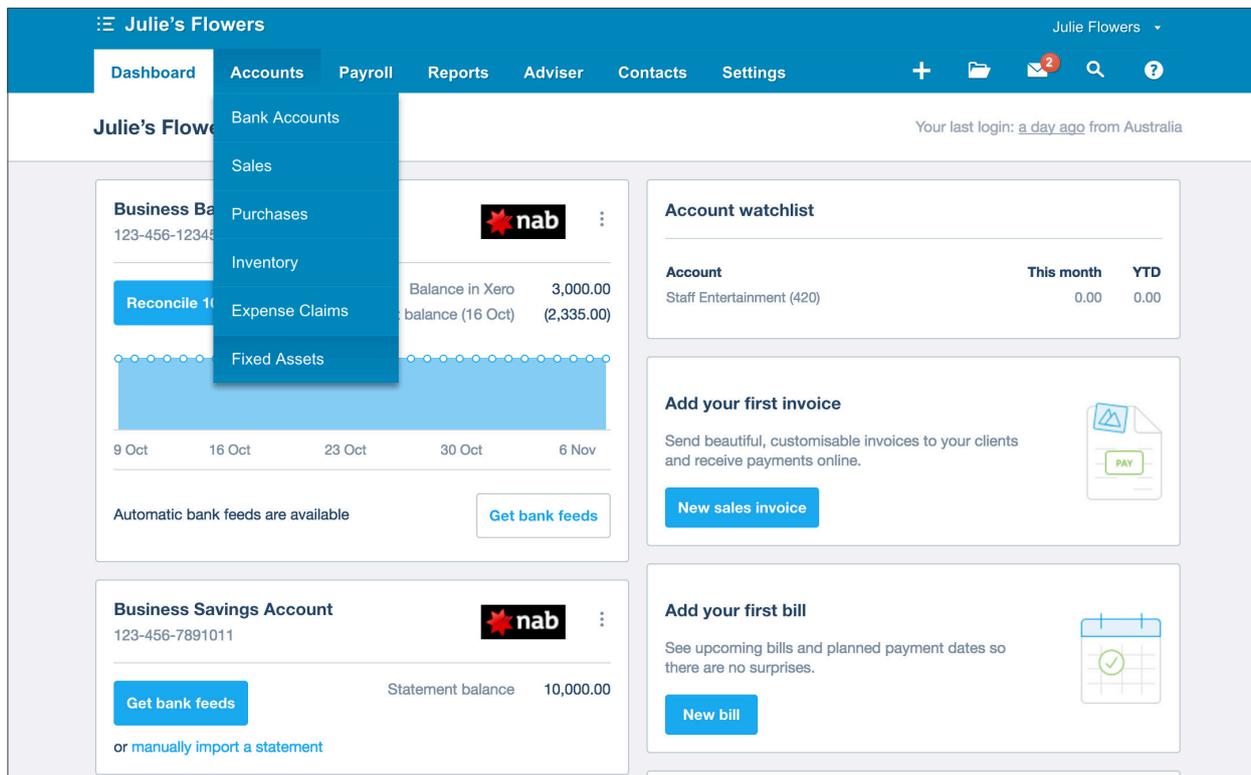
FIXED ASSETS

Fixed Assets in Xero

If your organisation has or acquires fixed assets, you can record and depreciate them within Xero.

 **Important:** You need to have the Adviser user role to register fixed assets, make changes to registered fixed assets, run depreciation, and dispose of fixed assets.

To access Fixed Assets from the Dashboard, go to **Accounts > Fixed Assets**.



The screenshot shows the Xero dashboard for 'Julie's Flowers'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Accounts' menu is open, showing options like 'Bank Accounts', 'Sales', 'Purchases', 'Inventory', 'Expense Claims', and 'Fixed Assets'. The 'Fixed Assets' option is highlighted. The dashboard also displays account balances for 'Business Bank' and 'Business Savings Account', both with 'Get bank feeds' buttons. On the right, there are sections for 'Account watchlist', 'Add your first invoice', and 'Add your first bill'.

Set up Fixed Assets

When you use fixed assets in Xero for the first time, you'll need to select the date you want to start calculating depreciation on your registered fixed assets. You can select any financial year from when you first started using Xero, to the following financial year from now.



EXERCISE 9.1

In this exercise, you will set up Fixed Assets for Julie's Flowers.

1. In the Julie's Flowers organisation, go to **Accounts > Fixed Assets**.

The screenshot displays the Xero Fixed Assets setup interface. At the top, the navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Contacts', and 'Settings'. The 'Accounts' menu is active. Below the navigation, the 'Fixed Assets' section is titled. A promotional banner for Xero's depreciation management features a blue car icon and a red percentage sign. The banner text reads: 'Xero makes it easier to manage your depreciation', 'Import your existing asset registry to Xero via CSV or manually add assets', and 'Customise asset types and their depreciation options in settings. [Learn more...](#)'. Below the banner, there are buttons for '+ New Asset', 'Import', and 'Export', along with the text 'Last depreciation: none'. The main content area is a large white box with a calendar icon showing the number '1'. The text in this box says: 'Choose a Start Date', 'Before you can enter your Fixed Assets, we need to confirm which financial year you want to start managing your Fixed Assets.', and a 'Set Start Date' button.

2. On the Fixed Assets screen, click the **Set Start Date** button

Set Start Date

Choose Start Date

What's a start date?
The start date is the first day in the financial year that you want to start calculating depreciation on your registered fixed assets
You can select the first day of a financial year, between the time you started using Xero through to the next financial year

Start Date

1 Jul 2016

1 Jul 2017

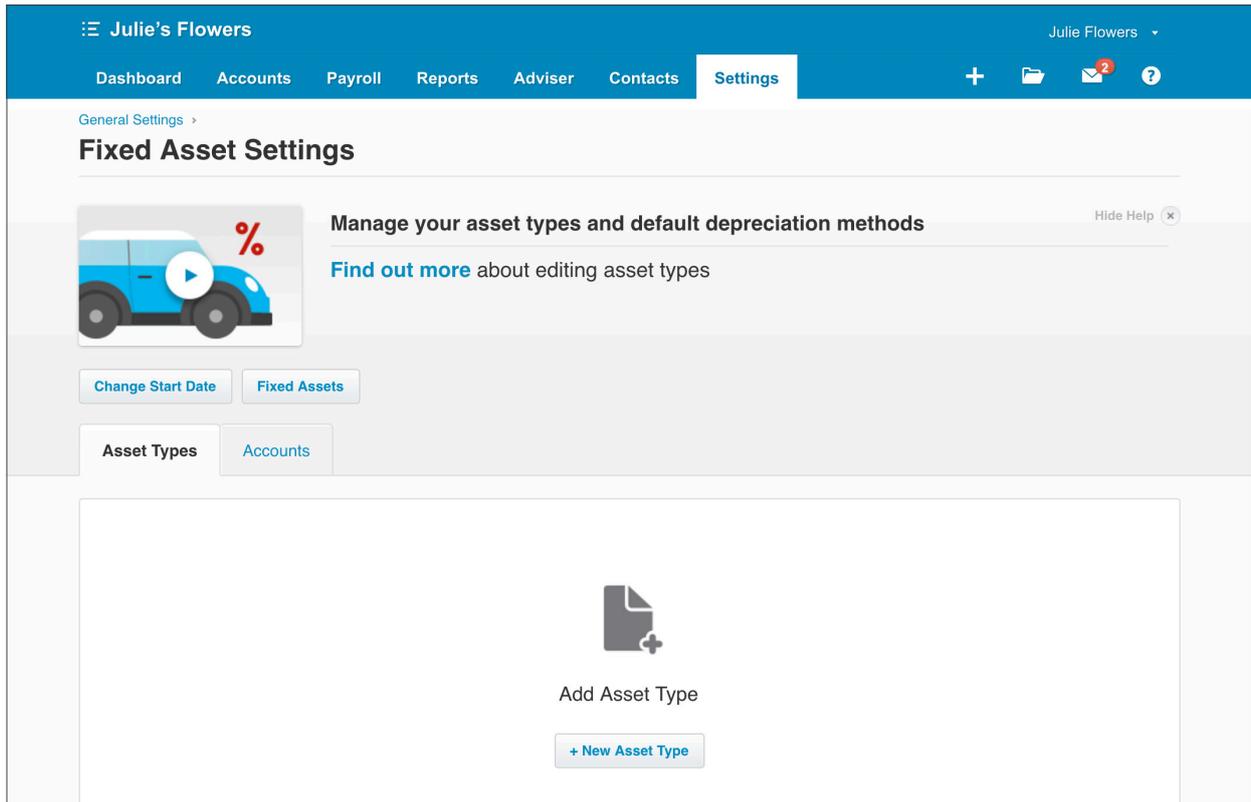
Save **Cancel**

3. Select the start of the current financial year, 1 Jul 2016, and click the **Save** button.

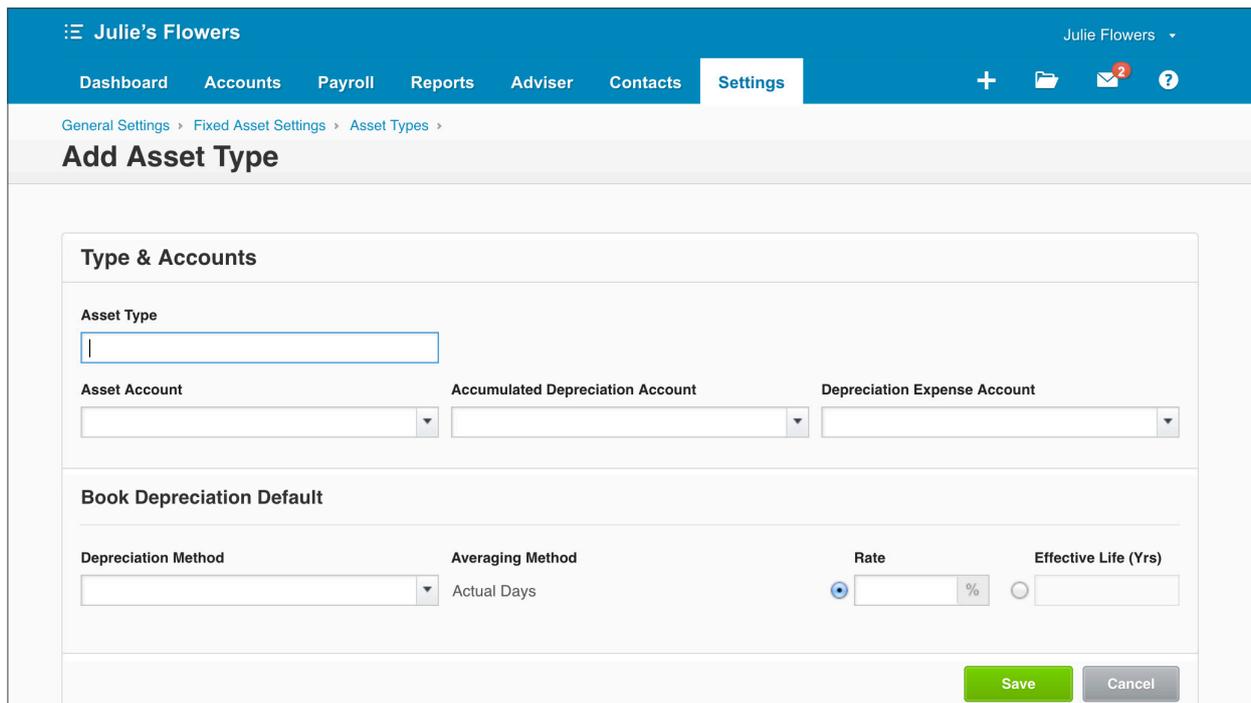
 **Teacher Note:** You can change your start date for fixed assets in Xero if you have the Adviser user role. However, this will affect all your registered and disposed fixed assets. For example, All depreciation and disposal journals will be reversed.

From here you need to create Fixed Asset Types, which are used to categorise Fixed Assets. Typical Fixed Asset Types include: Fixtures and Fittings; Motor Vehicles; and Office Equipment, however you can create any specific Fixed Asset Type applicable to your business.

4. On the navigation bar, go to **Settings > General Settings**, then select **Fixed Assets** within the Features category.



5. On the Fixed Assets Settings screen, click the + **New Asset Type** button 



6. Add the following details into the fields in the **Add Asset Type** screen:

Field	Information
Asset Type	Office Equipment
Asset Account	710 - Office Equipment
Accumulated Depreciation Account	711 - Less Accumulated Depreciation on Office Equipment
Depreciation Expense Account	416 - Depreciation
Depreciation Method	Diminishing Value
Averaging Method	Actual Days
Rate	30%
Tax Depreciation Default	No Depreciation

The screenshot shows the 'Add Asset Type' screen in a software application. The interface includes a navigation bar at the top with 'Julie's Flowers' and various menu items like 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. Below the navigation bar, there is a breadcrumb trail: 'General Settings > Fixed Asset Settings > Asset Types >'. The main heading is 'Add Asset Type'. The form is divided into two sections: 'Type & Accounts' and 'Book Depreciation Default'. In the 'Type & Accounts' section, the 'Asset Type' is 'Office Equipment', 'Asset Account' is '710 - Office Equipment', 'Accumulated Depreciation Account' is '711 - Less Accumulated Depreciation on Office', and 'Depreciation Expense Account' is '416 - Depreciation'. In the 'Book Depreciation Default' section, the 'Depreciation Method' is 'Diminishing Value', 'Averaging Method' is 'Actual Days', 'Rate' is '30.00%', and 'Effective Life (Yrs)' is empty. There are 'Save' and 'Cancel' buttons at the bottom right of the form.

7. Click **Save**

Now you will setup the default accounts to use when you dispose of or sell a fixed asset in the register.

8. Click in the **Accounts** tab in the Fixed Asset Settings tab

The screenshot shows the 'Accounts' tab in the Fixed Asset Settings. At the top, there are buttons for 'Change Start Date' and 'Fixed Assets'. Below that, there are tabs for 'Asset Types' and 'Accounts'. The 'Accounts' tab is active. A message states: 'Set your default journal accounts for disposals. All future Disposal transactions will have these options pre-selected'. There are three dropdown menus: 'Capital Gain on Disposal', 'Gain on Disposal', and 'Loss on Disposal'. At the bottom right, there are 'Save' and 'Cancel' buttons. The 'Save' button is highlighted in green.

9. Add the following details into the fields:

Field	Account
Capital Gain on Disposal	260 - Other Revenue
Gain on Disposal	260 - Other Revenue
Loss on Disposal	495 - Loss on Asset disposal

10. Click **Save**

Record a New Fixed Asset

You can enter fixed assets into Xero one by one, through transactions, or by importing them in bulk.

To begin entering fixed assets, go to **Accounts > Fixed Assets**

Julie's Flowers Julie Flowers ▾

Dashboard **Accounts** Payroll Reports Adviser Contacts Settings + 📁 📧² ?

Fixed Assets



Xero makes it easier to manage your depreciation Hide Help ✕

Import your existing asset registry to Xero via CSV or manually **add assets**

Customise asset types and their depreciation options in **settings**. [Learn more...](#)

[+ New Asset](#) [Run Depreciation](#) [Import](#) [Export](#) [Settings](#) Last depreciation: none

Draft (1) [Registered \(0\)](#) [Sold & Disposed \(0\)](#) [Pools](#)

[Delete](#) [Register](#) 1 item

<input type="checkbox"/>	Asset Name	Asset Number	Asset Type	Purchase Date ▾	Purchase Price
<input type="checkbox"/>	Counter and Display Unit	FA-0001		30 Jun 2016	2,727.27

1. Click on the + **New Asset** button

Julie's Flowers Julie Flowers ▾

Dashboard **Accounts** Payroll Reports Adviser Contacts Settings + 📁 📧² ?

[Fixed Assets >](#)

Add New Asset

Details

Asset Name Asset Number

Purchase Date Purchase Price Warranty Expiry Serial Number

Asset Type

Description

Book Value

Depreciation Start Date [+ Show more options](#)

Depreciation Method Averaging Method Rate % Effective Life (Years)

2. Add the following details into the fields in the Add New Asset screen:

Field	Information
Asset Name	Outdoor display unit
Asset Number	Number is automatically allocated
Purchase Date	2 July 2016
Purchase Price	\$3,000 excl. GST
Warranty Expiry	Leave blank
Serial Number	Leave blank
Asset Type	Select Office Equipment
Description	Unit to display stock in the outdoor storefront

You will notice that when you select the Asset Type **Office Equipment** the Asset Account, Depreciation Accounts and Depreciation method are automatically populated.

For the purpose of this course, leave the Tax Depreciation Method as No Depreciation. Xero allows for reporting on Tax Depreciation values to make it easier for Accountants to prepare annual tax returns. However, it is the book value and book depreciation that will be posted to the general ledger accounts in Xero. The workings of Australian tax depreciation are beyond the scope of this course.

Details

Asset Name Outdoor display unit	Asset Number FA-0002		
Purchase Date 2 Jul 2016	Purchase Price 3000.00	Warranty Expiry	Serial Number
Asset Type Office Equipment			
Asset Account 710 - Office Equipment	Accumulated Depreciation Account 711 - Less Accumulated Depreciatio...	Depreciation Expense Account 416 - Depreciation	
Description Unit to display stock outside the shopfront			

Book Value

Depreciation Method
Diminishing Value

Depreciation Start Date
2 Jul 2016 [+ Show more options](#)

Averaging Method **Rate** **Effective Life (Years)**

Actual Days 30.00 %

Tax Value

Depreciation Method
No Depreciation

Depreciation Start Date
2 Jul 2016 [+ Show more options](#)

Averaging Method **Rate** **Effective Life (Years)**

Actual Days %

[Save as Draft](#)
[Register](#)
[Cancel](#)

Important: When selecting the **Asset Type** you have the option of creating a type from this screen. To perform this, select **+ New Asset Type** option from the drop down.

Asset Type

[Empty dropdown]

[+ New Asset Type](#)

Office Equipment

You are then presented with the same **New Asset Type** screen as in the **Set up Fixed Assets** section above, without losing any of the information you had added in the previous screen.

From here you have the option to **Save as Draft** or **Register** the fixed asset. By registering the Fixed Asset you are able to depreciate this asset within Xero.

3. To complete recording the asset, click **Register**

The screenshot shows the Xero Fixed Assets page for 'Julie's Flowers'. At the top, there is a navigation bar with 'Accounts' selected. A green notification banner at the top center states: 'FA-0002 Outdoor display unit' registered. Below this, there is a section titled 'Fixed Assets' with a video player icon and a percentage sign. Text below the video says: 'Xero makes it easier to manage your depreciation'. There are links for 'Import your existing asset registry to Xero via CSV or manually add assets' and 'Customise asset types and their depreciation options in settings. Learn more...'. Below this are buttons for '+ New Asset', 'Run Depreciation', 'Import', 'Export', and 'Settings', with 'Last depreciation: none' to the right. There are also tabs for 'Draft (1)', 'Registered (1)', and 'Sold & Disposed (0)'. At the bottom, there is a table with one item:

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price	Book Value
Outdoor display unit	FA-0002	Office Equipment	10 Oct 2016	3,000.00	3,000.00

The asset is now displayed under the Registered tab.

Adding fixed assets through transactions

When you buy an asset using a bill or spend money transaction and the purchase is allocated to a fixed asset account, Xero automatically creates a draft fixed asset.



Important: A fixed asset can also be added when buying an asset through an Expense Claim when the purchase is allocated to a fixed asset account.

In the **Spending Money: Purchases** module you created a bill for the purchase of a Counter and Display unit for Julie's Flowers. The purchase was coded to **710 - Office Equipment**, a fixed asset account.

1. Go to **Accounts > Fixed Assets**, select the **Draft** tab

The screenshot shows the Xero Fixed Assets interface for Julie's Flowers. The navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Accounts' tab is active. The main heading is 'Fixed Assets'. Below this, there is a promotional banner for Xero's depreciation management tools, followed by buttons for '+ New Asset', 'Run Depreciation', 'Import', 'Export', and 'Settings'. A status indicator shows 'Last depreciation: none'. Below the buttons, there are tabs for 'Draft (1)', 'Registered (1)', and 'Sold & Disposed (0)'. The 'Draft (1)' tab is selected. A search bar and a table are visible. The table has columns for 'Asset Name', 'Asset Number', 'Asset Type', 'Purchase Date', and 'Purchase Price'. One asset is listed: 'Counter and Display Unit' with asset number 'FA-0001', purchase date '7 March 2016', and purchase price '2,727.27'.

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price
Counter and Display Unit	FA-0001		7 March 2016	2,727.27

You will see on the Fixed Assets screen this transaction has generated a Draft Fixed Asset for the **Counter and Display unit**.

2. Click on the Asset Number **FA-0001** to review the asset details.

Julie's Flowers Melissa Keenan

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Fixed Assets >

Edit Asset

Options

Details [See original bill](#)

Asset Name	Asset Number		
Counter and Display Unit	FA-0001		
Purchase Date	Purchase Price	Warranty Expiry	Serial Number
7 Mar 2016	2727.27		
Asset Type			
Description			

Book Value

3. Select **Office Equipment** in the Asset Type drop down to allocate the depreciation accounts and method. For the **Depreciation Start Date** enter the date from the **Purchase Date** field.

Details
[See original bill](#)

Asset Name
Counter and Display Unit

Asset Number
FA-0001

Purchase Date
7 Mar 2016

Purchase Price
2727.27

Warranty Expiry

Serial Number

Asset Type
Office Equipment

Asset Account
710 - Office Equipment

Accumulated Depreciation Account
711 - Less Accumulated Depreciatio...

Depreciation Expense Account
416 - Depreciation

Description

Book Value

Depreciation Method
Diminishing Value

Depreciation Start Date
7 Mar 2016 [+ Show more options](#)

Averaging Method
Actual Days

Rate
30.00 %

Effective Life (Years)

4. To complete recording the asset, click **Register**. The asset is now displayed under the **Registered** tab.

Important: If you have a number of Fixed Assets to enter at one time, you can add multiple Fixed Assets at once by entering the details into a CSV template and importing it into Xero.

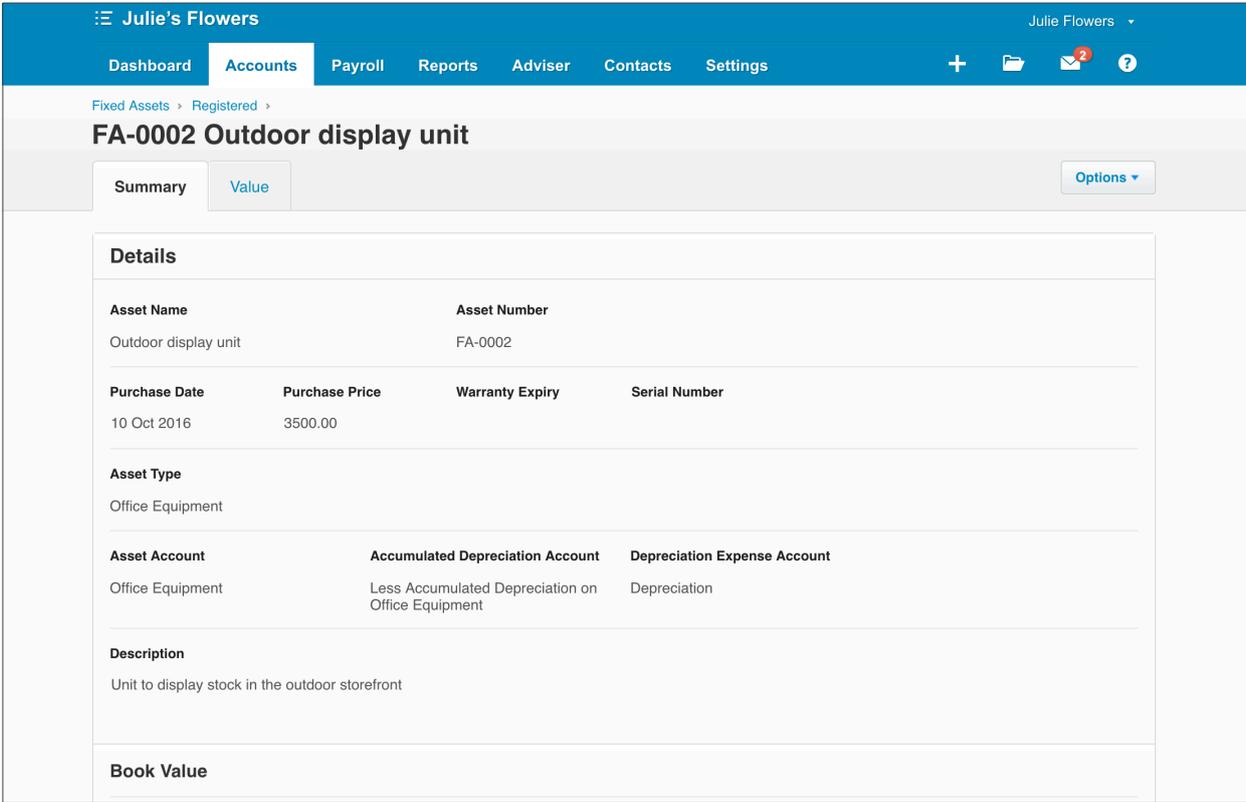
From the Fixed Assets screen (**Accounts > Fixed Assets**) click the import button. Follow the import instructions, download & complete the template and upload the file to Xero.

Edit and Dispose of a Fixed Asset

EXERCISE 9.2

In this exercise you will edit the details of an existing Fixed Asset, then process the sale of the asset for Julie's Flowers.

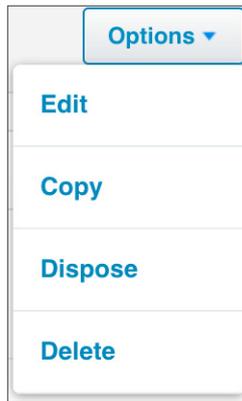
1. Go to **Accounts > Fixed Assets**, select the **Registered** tab
2. Click on the Asset Number **FA-0002** link to review the **Outdoor display unit** asset



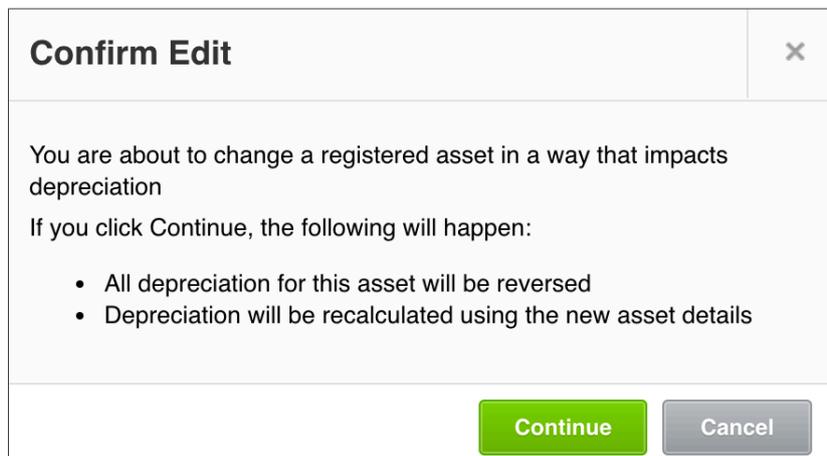
The screenshot shows the 'Julie's Flowers' software interface. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Accounts' tab is active. Below the navigation bar, the breadcrumb trail is 'Fixed Assets > Registered > FA-0002 Outdoor display unit'. The main content area has two tabs: 'Summary' (selected) and 'Value'. An 'Options' button is in the top right corner. The 'Details' section is expanded, showing the following information:

Asset Name		Asset Number	
Outdoor display unit		FA-0002	
Purchase Date	Purchase Price	Warranty Expiry	Serial Number
10 Oct 2016	3500.00		
Asset Type			
Office Equipment			
Asset Account	Accumulated Depreciation Account	Depreciation Expense Account	
Office Equipment	Less Accumulated Depreciation on Office Equipment	Depreciation	
Description			
Unit to display stock in the outdoor storefront			
Book Value			

3. Click the **Options** button in the top right hand corner and select **Edit**. This will enable fields for this Asset to be edited.



4. Update the **Purchase Price** field to \$4,000, then click the **Save** button



Because the Fixed Asset you have edited is registered and the field you have updated affects depreciation (in this case, Purchase Price) you are presented with a notification.

5. Click **Continue** to confirm edit and update the asset.

In the following exercise you will record the sale of the **Outdoor display unit** fixed asset before the end of its useful life.

 **Teacher Note:** These steps are the same process for recording the disposal of a fixed asset at the end of its useful life.

1. Go to **Accounts > Fixed Assets**, select the **Registered** tab. Then click on the Asset Number **FA-0002** link to review the **Outdoor display unit** asset.

The screenshot shows the 'Julie's Flowers' software interface. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Accounts' tab is active. Below the navigation bar, the breadcrumb path is 'Fixed Assets > Registered > FA-0002 Outdoor display unit'. The main content area is divided into 'Summary' and 'Value' tabs, with 'Summary' selected. An 'Options' dropdown menu is open, showing 'Edit', 'Copy', 'Dispose', and 'Delete' options. The 'Details' section contains the following information:

Asset Name		Asset Number	
Outdoor display unit		FA-0002	
Purchase Date	Purchase Price	Warranty Expiry	Serial Number
10 Oct 2016	4000.00		
Asset Type			
Office Equipment			
Asset Account	Accumulated Depreciation Account	Depreciation Expense Account	
Office Equipment	Less Accumulated Depreciation on Office Equipment	Depreciation	
Description			
Unit to display stock in the outdoor storefront			

2. Click the **Options** button in the top right hand corner and select **Dispose**.

The screenshot shows a dialog box titled 'Dispose FA-0002 Outdoor display unit'. The dialog box contains the following fields and buttons:

- Date Disposed:** A dropdown menu with '10 Oct 2016' selected.
- Sale Proceeds:** An empty text input field.
- Sale Proceeds Account:** An empty dropdown menu.
- Depreciation for this financial year:** A dropdown menu with 'No Depreciation' selected.
- Date:** An empty dropdown menu.
- Show Summary:** A blue button.
- Cancel:** A grey button.

3. Add the following details into the fields in the **Dispose Asset** screen:

Field	Account
Date Disposed	10th October 2016
Sale Price	\$3,000
Sale Proceeds Account	260 - Other Revenue
Depreciation for this financial year	No Depreciation
Date	Leave blank

Dispose FA-0002 Outdoor display unit ✕

Date Disposed	Sale Proceeds	Sale Proceeds Account
<input type="text" value="10 Oct 2016"/>	<input type="text" value="3000.00"/>	<input type="text" value="260 - Other Revenue"/>
Depreciation for this financial year	Date	Show Summary
<input type="text" value="No Depreciation"/>	<input type="text"/>	

4. Click the **Show Summary** button, then click the **Review Journals** button

Review Disposal Journals ✕

Date Disposed 10 Oct 2016	Sale Price 3,000.00
-------------------------------------	-------------------------------

Disposal Journal	Debit	Credit
710 - Office Equipment		4,000.00
260 - Other Revenue	3,000.00	
Loss on Disposal 495 - Loss on Asset Di ▾	1,000.00	
Total	4,000.00	4,000.00

< Back
Post
Cancel

Xero prepares the journals that will be posted as a result of this transaction.

Important: The **Loss of Disposal** account is automatically populated based on what was selected as part of the **Setup Fixed Assets** section above

- Review the journal to ensure the details match, then press **Post**

+ New Asset
Run Depreciation
Import
Export
Settings
Last depreciation: none

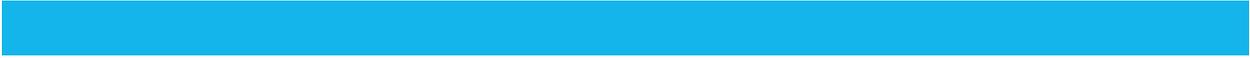
Draft (0)
Registered (1)
Sold & Disposed (1)

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price	Disposal Date ▾	Disposal Price	Gains/Losses
Outdoor display unit	FA-0002	Office Equip...	10 Oct 2016	4,000.00	10 Oct 2016	3,000.00	-1,000.00

The asset will now appear in the **Sold & Disposed** tab of the Fixed Asset screen.

Check your progress

Skills	Complete
Set the fixed Asset start date for Julie's Flowers	
Add the Office Equipment asset type and add details	
Record an outdoor display unit as a fixed asset	
Add a counter and display unit as a fixed asset, as part of a transaction	
Dispose of the outdoor display unit asset in Julie's Flowers fixed asset register	



10. Bank Reconciliation

Learning Outcomes

By the end of this module, you will be able to:

- access the bank reconciliation screen
 - match a bank statement line with an existing general ledger transaction
 - create a 'spend money' transaction directly from the reconciliation screen
 - record the transfer of funds between bank accounts
 - record a prepayment
 - access the bank reconciliation report
-

BANK RECONCILIATION

Bank Reconciliation Basics

Bank reconciliation is the process of matching transactions from a bank account, with general ledger transactions recorded for the organisation.

Each transaction that goes through the business bank accounts, must be matched with a corresponding entry that records the specific business purpose of that transaction. These transactions form the basis for other accounting tasks, such as performance and compliance reporting.

As seen in the Bank Accounts module, bank statement data can be imported from your bank account using an import file (CSV, OFX or QIF) or it can be automatically populated by a bank feed in Xero. Once you have data in your bank accounts you can begin the task of reconciling the transactions.

On the dashboard next to the bank accounts, you will see two balances. The 'Statement Balance' and the 'Balance in Xero'.

The screenshot displays the Xero dashboard interface for bank account management. It features two main account cards on the left and a sidebar on the right.

Business Bank Account (123-456-123456):

- Buttons: [Reconcile 10 items](#)
- Balance in Xero: 3,000.00
- Statement balance (16 Oct): (2,335.00)
- Timeline: 9 Oct, 16 Oct, 23 Oct, 30 Oct, 6 Nov
- Text: Automatic bank feeds are available
- Button: [Get bank feeds](#)

Business Savings Account (123-456-7891011):

- Button: [Get bank feeds](#)
- Text: or manually import a statement
- Statement balance: 10,000.00

Account watchlist

- Account: Staff Entertainment (420)

Add your first invoice

- Text: Send beautiful, customisable invoices to yo and receive payments online.
- Button: [New sales invoice](#)

Bills you need to pay

- Button: [New bill](#)

- **The Statement Balance:** relates to the total value of all bank statement lines, from the starting point of the conversion balance. This total should match the balance of your bank account as provided by your bank, at any given point in time.
- **The Balance in Xero:** the total value of banking transactions entered and matched on the general ledger side, from the starting point of the conversion balance.

If all bank statement lines have been reconciled with accounting transactions in the organisation, assuming there are no unreconciled accounting transactions, the Statement Balance and the Balance in Xero should have the same value.

Introduction to Xero's Bank Reconciliation

Xero provides tools to enable fast and accurate bank reconciliation. The main bank reconciliation screen can be accessed from the Dashboard.

The screenshot displays the Xero dashboard for 'Julie's Flowers'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The dashboard is divided into several sections:

- Business Bank Account (nab):** Account number 123-456-123456. It shows a 'Reconcile 10 items' button. The 'Balance in Xero' is 3,000.00 and the 'Statement balance (16 Oct)' is (2,335.00). A chart shows a balance trend from 9 Oct to 6 Nov.
- Business Savings Account (nab):** Account number 123-456-7891011. It shows a 'Get bank feeds' button. The 'Statement balance' is 10,000.00.
- Account watchlist:** A table listing accounts with columns for 'Account', 'This month', and 'YTD'. The only entry is 'Staff Entertainment (420)' with 0.00 for both.
- Add your first invoice:** A section with a 'New sales invoice' button and a document icon.
- Bills you need to pay:** A section with a 'New bill' button and a table of bills:

	Draft bills	0.00
1 Awaiting payment		3,000.00
1 Overdue		3,000.00

EXERCISE 10.1

In this exercise, you'll see the main components of the bank reconciliation screen:

1. In the Julie's Flowers organisation, starting at the Dashboard, click on the **'Reconcile x items'** button under the Transaction Account. This will bring up the 'Reconcile' tool.

In the Reconcile screen, you will see two columns.

- on the left, underneath 'Review your bank statement lines' are the bank transaction lines.
- on the right, underneath 'Then match with your transactions in Xero' is the entry screen for matching or creating a transaction in the general ledger.

The screenshot displays the Xero Reconcile interface. At the top, there are tabs for 'Reconcile (10)', 'Cash coding', 'Bank statements', and 'Account transactions'. Below the tabs, there is a 'What's this?' help icon. The main area is split into two columns: 'Review your bank statement lines...' on the left and '...then match with your transactions in Xero' on the right.

Review your bank statement lines...

	Spent	Received	
<input type="checkbox"/> 29 Feb 2016 ABC Furniture		600.00	Create rule
			More
<input type="checkbox"/> 7 Mar 2016 ABC Furniture	3,000.00		Create rule
			More
<input type="checkbox"/> 7 Jul 2016 ABC Furniture		40.00	Create rule
			More
<input type="checkbox"/> 9 Jul 2016 Pinnacle Management	4,000.00		Create rule
			More
<input type="checkbox"/> 10 Jul 2016	20.00		Create rule

...then match with your transactions in Xero

	Spent	Received	
<input checked="" type="checkbox"/> 29 Feb 2016 ABC Furniture Ref: INV-0001		600.00	Match Create Transfer Discuss Find & Match
<input checked="" type="checkbox"/> 07 Mar 2016 ABC Furniture Ref: INV - 732	3,000.00		Match Create Transfer Discuss Find & Match
<input checked="" type="checkbox"/> 07 Jul 2016 ABC Furniture Ref: INV-0011		40.00	Match Create Transfer Discuss Find & Match 8 Other Possible Matches Found
<input checked="" type="checkbox"/> 01 Jul 2016 Pinnacle Management	4,000.00		Match Create Transfer Discuss Find & Match 4 Other Possible Matches Found

At the bottom of the right column, there are input fields for 'Who' (Name of the contact) and 'What' (Choose the account).

On the right, where the transaction entry side is, there are four main actions that can be taken:



- **Match:** this tab allows you to search invoices and bills that have already been entered. Xero will suggest a match if it finds a transaction that fits the criteria on the bank transaction.
- **Create:** this tab allows you to create a 'spend money' or 'receive money' transaction directly from the reconciliation tool.
- **Transfer:** if money has been transferred from one business bank account to another, this tab allows you to account for these transfer transactions.
- **Discuss:** this tab allows you to enter a comment and save. It enables collaboration within the organisation, or with an adviser, when reconciling the bank account.

Using the Reconcile Tool

EXERCISE 10.2

In this exercise, you will reconcile the transactions that you imported in Module 5: Bank Accounts. You will use all four actions available in the Reconcile Tool.

Match

In the Bank Reconciliation screen, on the right (general ledger side) you will see a number of transactions that are highlighted in green.

This means an existing invoice or a bill, has been suggested as a match for the banking transaction.

1. From the bank reconciliation tool screen, you will see the first transaction line. The transaction on the left is from 'ABC Furniture', and the amount received is \$600.



2. In this case, the bank transaction matches an invoice that Xero has suggested. This is an invoice that was entered in Module 8 for ABC Furniture. To complete the reconciliation of this transaction, click the 'OK' button.

The invoice for the ABC Furniture event has now been matched to the payment received in the 'Transaction Account' bank account, and is no longer outstanding.

The value of the bank balance in Xero has been increased by \$600, the transaction for the amount received is recorded in the bank account ledger (Debit to Bank) and as a receipt of payment against the invoice (Credit to Accounts Receivable).

 **Important:** now that this invoice has been successfully reconciled, it will update this information in all areas of the Julie's Flowers organisation.

Along with the increase of \$600 in the bank Balance in Xero, other notable changes are:

The value of the 'Awaiting Payment' tab Sales Dashboard will decrease by \$600 (and the 'Overdue' tab will also decrease by \$600 if the invoice is past the due date)

The invoice itself will show that it's been paid, and the 'Amount Due' line will show a balance of \$0.

The history and notes section of the invoice will add the activity in the audit trail. A time, date and user stamp will be recorded along with a description of the action.

All relevant reports will now show that the invoice has been paid.

The next transaction, a payment of \$3,000 to ABC Furniture should now appear at the top of the reconciliation list.

Again, we have a match for this. The bill that was entered for the Counter and Display unit purchased for the store is being suggested for this transaction.

3. Click the **'OK'** button to reconcile the payment of \$3,000 to the ABC Furniture bill.



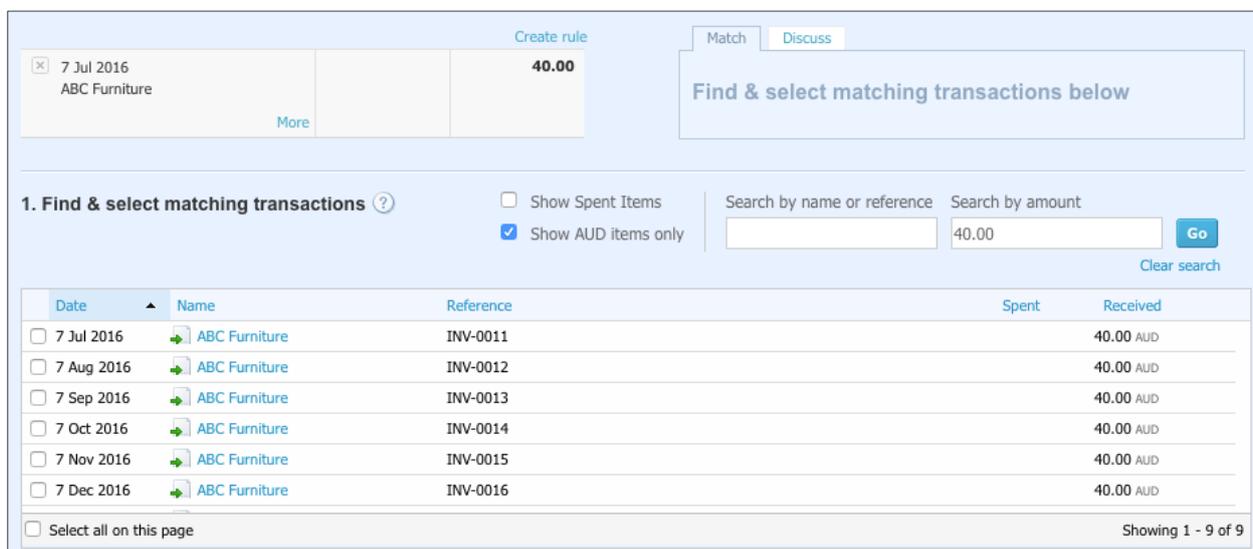
Again, the bank Balance in Xero will be updated. This time it will decrease by \$3000 (Credit to Bank).

The next transaction to be reconciled, is \$40 received from ABC Furniture. This is for the repeating transaction that we created in the Receiving Money module.

Again, a match has been suggested. There may be a note underneath the match details: **'x Other Possible Match Found'**. This note will only be present if the repeating invoice that you created has already created 2 or more transactions.



4. If this is present, click the **'1 Other Possible Match Found'** link.



You will be able to click into the individual invoices to investigate further and decide if they match the bank transaction.

If you have more than one invoice present for ABC Furniture, pick the invoice with the date closest to the bank transaction date.

5. Select the correct invoice, and if the transaction total matches the invoice total, a reconcile button will be present. Click **'Reconcile'**.

2. View your selected transactions. Add new transactions, as needed. + New Transaction ▾

<input checked="" type="checkbox"/>	7 Jul 2016	ABC Furniture	INV-0011	40.00 AUD
-------------------------------------	------------	---------------	----------	-----------

3. The sum of your selected transactions must match the money received. Make adjustments, as needed. + Adjustments ▾

Subtotal	40.00 AUD
Must match: Money Received	40.00 AUD

Reconcile Cancel

6. The next transaction to reconcile, is a monthly rent payment to Pinnacle Management. A match has been suggested, click **'OK'**

<input type="checkbox"/> 9 Jul 2016 Pinnacle Management More	4,000.00	Create rule	<input type="button" value="OK"/>	Match Create Transfer Discuss Find & Match
				<input checked="" type="checkbox"/> 01 Jul 2016 Pinnacle Management 4 Other Possible Matches Found

Create

For day-to-day transactions, it may not be necessary to enter a bill or invoice to reconcile to. In these cases you can simply 'create' a transaction. These are called 'Spend Money' and 'Receive Money' transactions.

The next transaction to be reconciled which is a payment to 'The Corner', this was for an expense incurred for a staff lunch. It's not a transaction that requires a bill to be created, it just needs to be allocated to the 'Staff Expenses' account in the Chart of Accounts.

EXERCISE 10.3

In this exercise, you will create a 'Spend Money' transaction from the reconcile tab.

1. Click on the **'Create'** tab on the right hand side.



<input type="checkbox"/> 10 Jul 2016 The Corner	20.00	Create rule
--	-------	-------------

More

Match Create Transfer Discuss Find & Match

Who: Name of the contact... What: Choose the account...
Why: Enter a description...
Tax Rate: Add details

2. In the **'Who'** field, type the name of the contact 'The Corner'.
3. In the **'What'** field, use the dropdown list to select the **'420 - Staff Entertainment'** account.
4. In the **'Why'** field, type a description for the transaction 'Staff Lunch'.
5. Click **'OK'** to create the transaction.



<input type="checkbox"/> 10 Jul 2016 The Corner	20.00	Create rule
--	-------	-------------

More

Match Create Transfer Discuss Find & Match

Who: The Corner NEW What: 420 - Staff Entertainment
Why: Staff Lunch
GST Free Expenses: Add details

OK



Important: The 'Why' field is optional. The only required fields are 'Who' (contact) and 'What' (account)

Once a spend or receive money transaction is saved a contact will be automatically created in Contacts.

In the Chart of Accounts module, the Staff Entertainment account was placed on the Accounts Watchlist on the Dashboard, to keep an eye on how much Julie's Flowers spends in this area.

Clicking back to the Dashboard, you will see that this transaction, less GST, has been added to the Staff Entertainment account.

Account watchlist

Account	This month	YTD
Staff Entertainment (420)	0.00	20.00

Transactions added to an account will show on the Account watchlist if the transaction is dated and reconciled after the conversion date. You can use lock dates (Under Settings > General Settings > Financial Settings) to prevent transactions being dated prior to the conversion date.

The next transaction of \$80 spent at BP is a payment for petrol, this transaction needs to be created as a spend money transaction before it can be reconciled.

1. In the '**Who**' field, type 'BP'.
2. In the '**What**' field, use the dropdown list to select the '449 - Motor Vehicle Expenses' account.
3. Click '**OK**' to create the transaction.

11 Jul 2016	80.00	Create rule
BP	More	

Match Create Transfer Discuss Find & Match

Who Name of the contact... What Choose the account...
Why Enter a description...
Tax Rate Add details

- Refresh the page, by using the refresh function in your browser or clicking away from the page, and re-loading it.

Once the page has been reloaded, you will see that there is an auto-suggestion next to the BP transaction of \$75.



The screenshot shows a transaction entry interface. On the left, a table displays a transaction on 12 Jul 2016 for BP with a value of 75.00. A 'More' link is visible below the transaction. To the right of the table is an 'OK' button. On the right side of the interface, there is a 'Create rule' button and a 'Find & Match' search bar. Below these are tabs for 'Match', 'Create', 'Transfer', and 'Discuss'. The 'Who' field is populated with 'BP' and the 'What' field is populated with '449 - Motor Vehicle Expenses'. The 'Why' field contains the text 'Enter a description...'. At the bottom, there is a 'GST on Expenses' dropdown menu and an 'Add details' link.

Based on the 'Who' value that appears on the bank statement line, Xero automatically suggests transaction details, based on previously recorded spend or receive money transactions.

Xero has remembered the action taken with the last BP transaction. It is suggesting the same contact and account again, to create a new spend money transaction.

- In this case, we are happy to use the same details for this transaction as this purchase was also a fuel expense from BP. Click **OK** to create and reconcile the transaction.

 **Teacher Note:** If income is received into the bank account, you are able to create a 'Receive Money' transaction in the same way a 'Spend Money' is created, using the 'Create' tab.

Transfer

If you have moved money from one business bank account to another, you can account for this transaction by using the 'Transfer' tab.

1. Next to the transaction of \$400 with the description 'Transfer to Savings Account', click on the **Transfer tab**.

The screenshot shows a transaction list on the left with a 'Transfer' tab selected on the right. The transaction is dated 13 Jul 2016, described as 'Transfer to Savings Account', and has a value of 400.00. The 'Transfer' tab is active, showing fields for 'Who' (Name of the contact...), 'What' (Choose the account...), 'Why' (Enter a description...), and 'Tax Rate'. There are also buttons for 'Match', 'Create', 'Transfer', 'Discuss', 'Find & Match', and 'Add details'.

2. Select '**Savings Account**' from the drop down list, and click **OK** to create the transfer.

The screenshot shows the 'Transfer' tab with 'Business Savings Account' selected in the 'What' dropdown menu. An 'OK' button is visible next to the transaction entry. The 'Why' field is empty.

Discuss

If further investigation is needed, or another staff member needs to provide more information about a transaction, you can use the 'Discuss' function. This will allow the user to leave a note attached to the transaction.

The next transaction to reconcile is a \$1000 payment from Bayside Club.

Bayside Club are a customer of Julie's Flowers, however, there is no invoice in Accounts Receivable. Further investigation will be needed and in this scenario we want to check with other staff of the organisation to follow up why there is no invoice.

1. Click on the '**Discuss**' tab along the box on the right. Type in the message '*Is there a missing invoice? Follow up.*' and click the '**Save**' button.

The screenshot shows the 'Discuss' tab selected. The message 'Is there a missing invoice? Follow up.' is entered in the text area. There is a 'Ctrl+S at any time to save' prompt at the bottom right of the text area.

This bank transaction will remain unreconciled with a note attached.

Entering a Prepayment

The payment of \$200 with the description 'Venue Deposit' refers to a prepayment made to a supplier, for an event that has yet to occur.

The amount paid in advance will later be added to a bill for the event. However, for now it needs to be allocated as a prepayment, until the total bill for the event is created.

EXERCISE 10.4

In this exercise, you will enter this transaction as a prepayment.

1. Under the 'Create' tab, click on the **'Add details'** link.
2. This brings up a new dialogue box. Click on the button **'Direct Payment'** and this will bring up a drop down list. Select **'Prepayment'**.
3. Enter the following details into the prepayment screen

Field	Information
To	(leave as 'Venue Deposit')
Date	(leave date as default)
Reference	(leave blank)
Description	Venue hire for event - deposit
Qty	1
Unit Price	200
Account	620 - Prepayments
Tax Rate	BAS Excluded

4. Click **'Save Transaction'**
5. You will land back on the add details screen, click **'Reconcile'**

3. The sum of your selected transactions must match the money spent. Make adjustments, as needed.

Subtotal	200.00 AUD	+ Adjustments ▾
Must match: Money Spent	200.00 AUD	200.00 AUD

Reconcile
Cancel

Bank Reconciliation Summary Report

The Bank Reconciliation Report details the activity of the bank accounts. It shows which transactions have been imported, and details of their reconciliation status and activity. In this exercise you will run the report for the business bank account.

Starting at the Dashboard, go to the **'Manage'** button for the Business Bank Account. Click on the **'Reconciliation Report'** link.

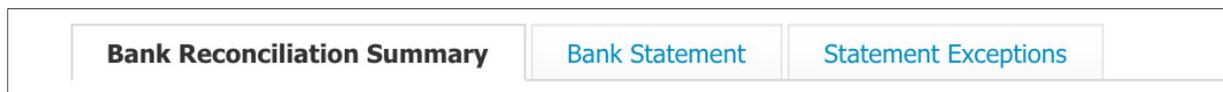
The screenshot shows the NAB account management interface. At the top, there is a header with the NAB logo and a menu icon. Below the header, there is a section titled 'Account watchlist' which contains a grid of four main categories: 'Find', 'New', 'Reconcile', and 'BankFeeds'. Each category has several sub-items listed below it. The 'Reconcile' category is highlighted, and its sub-items are: 'Reconcile Account', 'Bank Rules', 'Reconciliation Report', and 'Import a Statement'. Below the grid, there is a section for 'Business Savings Account 123-456-12131415' with a 'Get bank feeds' button. At the bottom left, there is a note 'feeds are available'.

Find	New	Reconcile	BankFeeds
Account Transactions	Spend Money	Reconcile Account	Get bank feeds
Bank Statements	Receive Money	Bank Rules	View Status Updates
	Transfer Money	Reconciliation Report	
		Import a Statement	

Business Savings Account 123-456-12131415

feeds are available Get bank feeds

There are three parts to this report:



- **Bank Reconciliation Summary**

The Bank Reconciliation Summary shows the comparison between your actual bank balance and the balance of the bank account in Xero and displays the value of any unreconciled items.

Bank Reconciliation Summary Bank Statement Statement Exceptions

Bank Account: Business Bank Account Date: 31 Jul 2016 Update

Bank Reconciliation Summary
Business Bank Account
Julie's Flowers
As at 31 July 2016

Add Summary

Date	Description	Reference	Amount
31 Jul 2016	Balance in Xero		(3,335.00)
Plus Un-Reconciled Bank Statement Lines			
14 Jul 2016	Bayside Club		1,000.00
Total Un-Reconciled Statement Lines			1,000.00
31 Jul 2016	Statement Balance		(2,335.00)

Save as Draft Publish Print Export

- **Bank Statement**

The Bank Statement tab displays all imported transactions and provides details such as import date, reconciliation status, source of import, amount and balance.

Bank Statement
 Business Bank Account
 Julie's Flowers
 From 1 February 2016 to 31 July 2016

[Add Summary](#)

Date	Description	Date imported into Xero	Reference	Reconciled	Source	Amount	Balance
1 Feb 2016	Opening Balance						3,000.00
1 Jul 2016	ABC Furniture	18 Apr 2017		Yes	Imported	600.00	3,600.00
2 Jul 2016	ABC Furniture	18 Apr 2017		Yes	Imported	(3,000.00)	600.00
7 Jul 2016	ABC Furniture	18 Apr 2017		Yes	Imported	40.00	640.00
9 Jul 2016	Pinnacle Management	18 Apr 2017		Yes	Imported	(4,000.00)	(3,360.00)
10 Jul 2016	The Corner	18 Apr 2017		Yes	Imported	(20.00)	(3,380.00)
11 Jul 2016	BP	18 Apr 2017		Yes	Imported	(75.00)	(3,455.00)
12 Jul 2016	BP	18 Apr 2017		Yes	Imported	(80.00)	(3,535.00)
13 Jul 2016	Transfer to Savings Account	18 Apr 2017		Yes	Imported	400.00	(3,135.00)
14 Jul 2016	Bayside Club	18 Apr 2017		No	Imported	1,000.00	(2,135.00)
15 Jul 2016	Venue Deposit	18 Apr 2017		Yes	Imported	(200.00)	(2,335.00)
	Closing Balance						(2,335.00)

[Save as Draft](#)

[Publish](#)

[Print](#)

[Export](#)

- **Statement Exceptions**

This report is useful if your bank account's statement balance and balance in Xero do not match. You can use this report to check for duplicated, deleted or manually created transactions that might cause a discrepancy.

Check your progress

Skills	Completed
Access the bank reconciliation screen for the Business Bank Account	
Use 'find and match' to match a bank statement line to a general ledger transaction	
Use 'create' to enter a spend money transaction	
Record a transfer between two business bank accounts	
Use the discuss tab to save a query about a transaction	
Record a pre-payment	
Generate the bank reconciliation report	

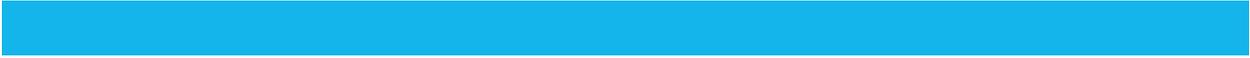
REVISION: MODULES 1 TO 10

This section is designed to see if you've been paying attention so far! Below you will find a list of transactions that need to be processed in your Xero file. Detailed instructions for how to enter these transaction types have already been provided in this and the preceding chapters. If you can make it through all of these entries on your own, great! If not, you can refer back to the instructions.

	Activity Type	Task Details	Completed
1	Create a contact	<p>Julie made a new supplier contact at the Annual Gift Fair Trade Show, details shown below need to be added as a new contact.</p> <p>Contact Name: Cards Cards Cards Primary Person: Kylie Kardall Email: kk@cardscardscards.com.au Phone: 07 1234 1234 Postal Address: 3/99 Creek St, Brisbane Qld 4000 Purchase settings: Tax inclusive Default account: 310 Cost of Goods Sold ABN: 84 111 122 223 Currency: AUD Australian Dollar Bills Due: 30 days after the bill date</p>	
2	Add a tracked inventory item	<p>Julie's Flowers have decided to stock a new inventory item 'Greeting Cards', they will purchase and sell these items and will need to keep track of the stock levels. GST is applicable to both the purchase and the sale. Cards will be sold for \$1.00 each, the purchase price is \$0.27 each. Purchases account is 310 Cost of Goods Sold Sales account is 200 Sales</p>	
3	Prepayments	<p>Julie made a prepayment of \$500 on 4 Aug 16 to Flower Fridges 4 U, allocate to account 620 Prepayments</p>	

4	Receive Money - invoice	<p>Julie has just accepted a \$550 (GST inclusive) order on 4 Aug 16 for a floral display to be delivered to Suites on Glenferrie for their hotel reception.</p> <p>Both the invoice and the floral display are to be delivered to:</p> <p>616 Glenferrie Rd, Hawthorn VIC 3122</p>	
5	Spend Money - bill	<p>Julie received a delivery of an E2 cylinder of helium gas from Elgas Stargas PO Box 1336 Chatswood NSW 2067 Phone 1800 782 742 Invoice No. GASMLB100367 for \$88.00. The gas is used to inflate helium balloons sold in store, account 310 Cost of Goods sold. The invoice was paid on the same day 6 Aug 16.</p>	
6	Spend Money - bill	<p>Julie purchased a new refrigerator to keep the flowers fresh prior to making up floral arrangements.</p> <p>Purchased on 7 Aug 16 from: Flower Fridges 4 U, Phone 1300 673 673 PO Box 18120 Clifford Gardens QLD 4350 sales@flowerfridges4u.com.au \$5193 + GST Refrigerator model: EB36R-Sn-A-Flower This comes with a 2 year warranty The invoice is due for payment in 14 days.</p>	
7	Create a fixed asset	<p>Add a fixed asset for the new refrigerator, the effective life of this asset is 15 years.</p>	
8	Import a statement	<p>Import the bank statement .csv for August 2016</p>	
9	Reconcile transactions	<p>Reconcile transactions for the month of August 2016</p>	
10	Spend Money - cash	<p>Julie purchased some cleaning products from her local Norwex consultant on 15 Aug 16 and paid using her Debit card attached to the Business Bank Account. The products will be allocated to account 473 Repairs and Maintenance. She purchased the following items:</p> <p>1 x Enviro Cloth \$27.00 1 x Cleaning Paste \$38.90</p>	

11	Receive Money - cash	Julie made a cash sale to a walk-in customer on 15 Aug 16 for a \$25.00 posy of flowers	
12	Bank Reconciliation Report	Run the bank reconciliation report for the 31st August 2016	



11. Journal Entries

Learning Outcomes

By the end of this module, you will be able to:

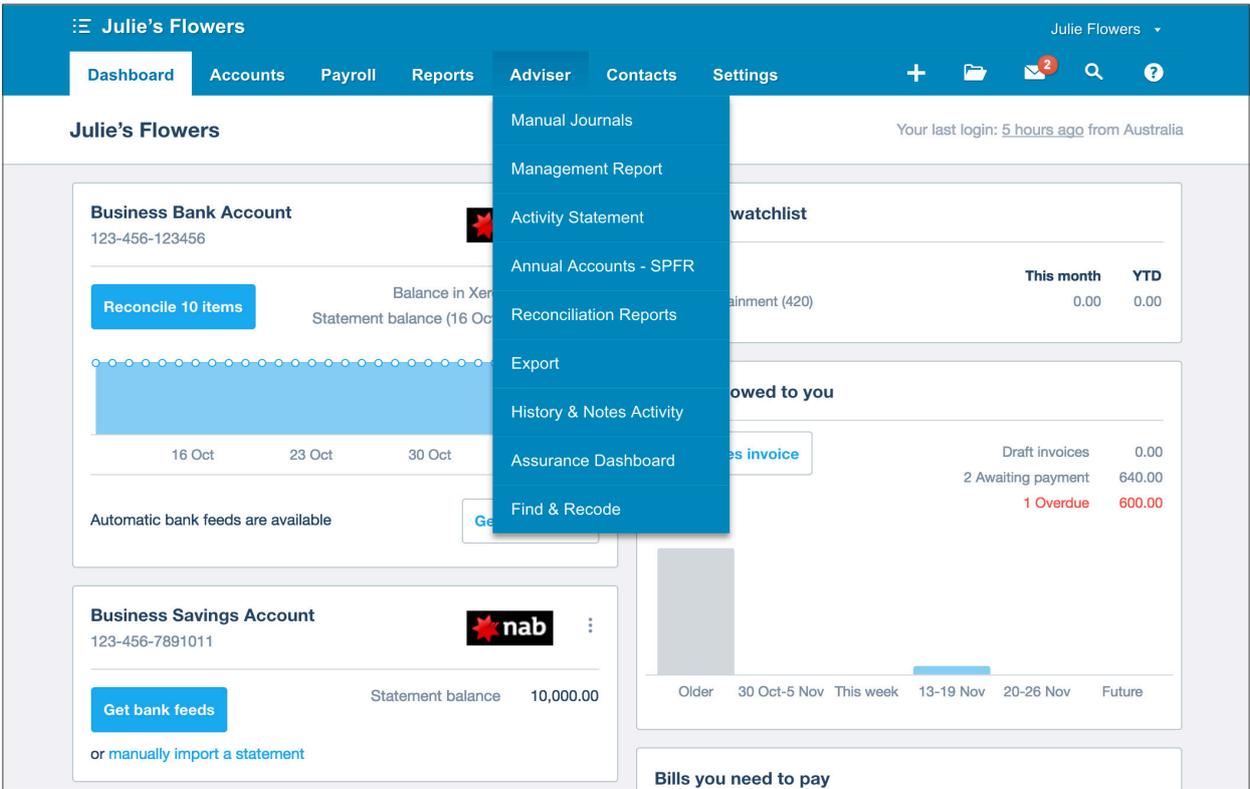
- [post a manual journal](#)
 - [import manual journals using a template](#)
 - [set up a repeating journal](#)
-

JOURNAL ENTRIES

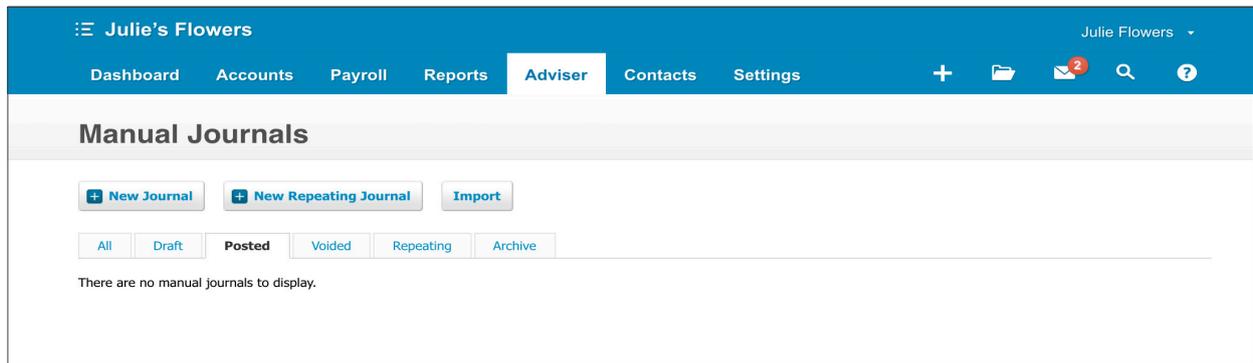
Manual Journals

Manual journals are used by Accountants and Bookkeepers who need to record debits and credits directly in the general ledger. Manual journals can be used to reallocate balances between accounts, record accrued expenses or completed work not invoiced.

Manual Journals are accessible from the Adviser menu by those users who have the Adviser user role.



Click on **Adviser > Manual Journals** to view the Manual Journals screen



Post a Manual Journal

Julie has taken some drawings from the business and needs to offset this against the funds she's introduced into the business.

- The drawings were \$1,500 total, so you'll need to post the debit side of the journal to 881 - Owner Funds Introduced and the credit side to 880 - Owner A Drawing.

EXERCISE 11.1

In this exercise, you will post a manual journal that will offset the drawings taken against funds introduced.

1. Click on the + **New Journal** button



Line 1	
Description	Automatically populated with narration (as per tick box)
Account	881 - Owner A Funds Introduced
Tax rate	BAS Excluded
Region	Leave Blank
Debit AUD	\$1,500.00
Credit AUD	Leave Blank
Line 2	
Description	Automatically populated with narration (as per tick box)
Account	880 - Owner A Drawings
Tax rate	BAS Excluded
Region	Leave Blank
Debit AUD	Leave Blank
Credit AUD	\$1,500.00



Info: If you need to enter more lines to the manual journal entry screen, you can create additional lines by clicking the **Add a new line** button



The journal is now visible in the **Posted** tab of the manual journal page. To view the details of a posted journal, click on the narration.

Posted

Print PDF **Journal Options**

Narration **Date**
Offset Owner Drawings against Funds Introduced 10 Oct 2016

Accrual and cash basis

Description	Account	Tax Rate	Debit AU	Amount
Offset Owner Drawings against Funds Introduced	881 - Owner A Funds Introduced	BAS Excluded	1,500.00	
Offset Owner Drawings against Funds Introduced	880 - Owner A Drawings	BAS Excluded		1,500.00
Subtotal			1,500.00	1,500.00
TOTAL			1,500.00	1,500.00

From here you have the option to **Print PDF** or by clicking on the **Journal Options** button you can choose to edit the journal among other options.

Repeating Journals

You can set up a repeating journal in Xero if you want to automate a series of recurring journal entries.

Julie's Flowers pays for insurance annually in advance. This is initially recognised as a prepayment and needs to be released as an expense monthly. Julie's Flowers paid CGU Insurance \$1,200 (incl. GST) for business insurance for the period July 2016 until June 2017.

EXERCISE 11.2

In this exercise, you will post a repeating journal to automatically release this expense monthly.

1. Click on **Adviser > Manual Journals**
2. Click on the + **New Repeating Journal** button

Julie's Flowers Melissa Keenan

Dashboard Accounts Payroll Reports **Adviser** Contacts Settings

Manual Journals > **New Repeating Journal**

Draft

First Journal Date: 1 Jul 2016
 Repeat this journal every: 1 Month(s)
 End Date (Optional): 30 Jun 2017

Save as Draft Post

Repeating Journals give you the ability to choose the date the first journal is posted, how often the journal is posted and when the series will finish (optional). You can also select whether the journal is saved as Draft or Posted automatically upon creation.

3. Add the following details for the Repeating Journal:
4. Add the following details into the for the Manual Journal fields:

Field	Information
First Journal Date	1 July 2016
Repeat this journal every	1, Month(s) - The journal will repeat monthly
End Date	30 Jun 2017
Save as Draft or Post	Select Post option

Julie's Flowers Melissa Keenan

Dashboard Accounts Payroll Reports **Adviser** Contacts Settings

Manual Journals > **New Repeating Journal**

Draft

First Journal Date: 1 Jul 2016
 Repeat this journal every: 1 Month(s)
 End Date (Optional): 30 Jun 2017

Save as Draft Post

4. Add the following details into the Manual Journal fields:

Field	Information
Narration	Recognise prepaid monthly insurance expense
Default narration to journal line description	Ticked
Show journal on cash basis reports	Ticked
Amounts are:	Tax Inclusive
Line 1	
Description	Automatically populated with narration (as per tick box)
Account	433 - Insurance
Tax rate	GST on expenses
Region	Leave Blank
Debit AUD	\$100
Credit AUD	Leave Blank
Line 2	
Description	Automatically populated with narration (as per tick box)
Account	620 - Prepayments
Tax rate	BAS Excluded
Region	Leave Blank
Debit AUD	Leave Blank
Credit AUD	\$100

You can now review and edit this journal from the **Repeating** tab on the Manual Journals screen.

Importing Manual Journals

In Xero, you can add multiple draft manual journals at once by entering the details into a CSV template and importing it into Xero.

EXERCISE 11.3

In this exercise, you will create an import journal to take up other balance day adjustments required for Julie's Flowers.

Julie knows that she has expenses for her shop's electricity and phone connections however these are billed quarterly not monthly. To match the expense to the year that it relates to a balance day adjustment will be taken up for the accrued expenses.

1. From the Manual Journals screen **Adviser > Manual Journals**, click the **Import** button
2. Download the template file.

Manual Journals >

Import Manual Journal

To import a draft manual journal please follow the steps below...

Step 1. Download our manual journal template file

Start by downloading our manual journal CSV (Comma Separated Values) template file. This file has the correct column headings Xero needs to import your manual journal data.

 [Download template file](#)

Step 2. Copy your manual journal into the template

Using Excel or another spreadsheet editor, fill the Xero template with your manual journal data. Make sure the manual journal data matches the column headings provided in the template.

IMPORTANT: Do not change the column headings in the template file. These need to be unchanged for the import to work in the next step.

Dates are assumed to be in English (Australia) format. For example, 25/12/2016 or 25 Dec 2016.

Step 3. Import the updated template file

Choose a file to import

No file selected

The file you import must be a CSV (Comma Separated Values) file. The name of your file should end with either **.csv** or **.txt**.

- In a spreadsheet editor such as Microsoft Excel or Google Docs, open the manual journal template file you've downloaded. The column headings in the first row guide you what to enter in each column.

	A	B	C	D	E	F	G	H	I	J
1	*Narration	*Date	Description	*AccountCode	*TaxRate	*Amount	TrackingName1	TrackingOption1	TrackingName2	TrackingOption2
2										
3										

You will see five fields marked with the (*) asterisk symbol, this means these fields are mandatory requirements for the import to work. There are also a number of other columns in the import file that are used to record other details for the manual journal.

You can enter one journal or multiple journals in one template file. Enter a new narration, a different date, or both, for each additional journal you want to create.



Info: If you leave both date and narration cells blank, Xero will treat that row as belonging to the same journal as the row above it.

- Select the populated import file by pressing the **'Browse'** button under Step 3 of the Import Screen.

Enter the following information on your .csv spreadsheet:

Field	Information
Narration	Balance day adjustments for Accrued Expenses
Date	30/06/2016
Row 2	
Description	Electricity accrued
Account Code	445
TaxRate	GST on Expenses

Field	Information
Amount	257.53
Row 3	
Description	Electricity accrued
Account Code	815
TaxRate	Bas Excluded
Amount	-257.53
Row 4	
Description	Telephone expense for June (to be billed in Aug)
Account Code	489
TaxRate	GST on Expenses
Amount	129.00
Row 5	
Description	Telephone expense for June (to be billed in Aug)
Account Code	815
TaxRate	Bas Excluded
Amount	-129.00

Save the file as a .csv file. Make sure you know where you save this to, e.g. desktop or downloads folder as you will need to retrieve the file in the next step.

5. Select the populated import file by pressing the 'Browse' button under Step 3 of the Import Screen and navigating to where you saved the file during the previous step.

Step 3. Import the updated template file

Choose a file to import

No file selected

The file you import must be a CSV (Comma Separated Values) file. The name of your file should end with either **.csv** or **.txt**.

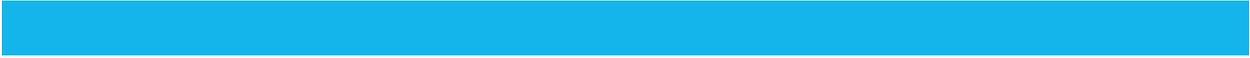
6. Click the **Import** button to complete the import process.

Xero will notify you how many journals will be imported from the template and prompt you that once you complete the import the action cannot be undone. If your journals are out of balance the import will fail, check that your journals balance and try the import again.

7. Click **Complete Import** and the journals within the template will be saved as draft. Review the journals from the **Draft** tab then Post.

Check your progress

Skills	Complete
Post a manual journal	
Create and post a repeating journal to adjust for expiring prepayments	
Create and post an import manual journal to adjust for accrued expenses at balance date	



12. Reporting

Learning Outcomes

By the end of this module, you will be able to:

- work with report layout, period and range options
 - publish and export reports
 - complete GST reporting
-

REPORTING

Reports in Xero

Xero gives you the ability to run a variety of financial performance, financial position, detail and tax reports in real time.

To view Xero's Report Centre go to **Reports > All Reports**.

The screenshot shows the Xero dashboard for 'Julie's Flowers'. The 'Reports' menu is open, displaying the following options: All Reports, Budget Manager, Favourites, Activity Statement, Aged Payables, Aged Receivables, Balance Sheet, Cash Summary, and Profit And Loss. The dashboard also features sections for Business Bank Account, Business Savings Account, Account watchlist, and Invoices owed to you.

Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings

Julie's Flowers Your last login: 1.1 hours ago from Australia

Business Bank Account
123-456-123456

Reconcile 10 items Statement balance

16 Oct 23 Oct

Automatic bank feeds are available Get bank feeds

Business Savings Account
123-456-7891011 **nab**

Get bank feeds Statement balance 10,000.00

Account watchlist

Account	This month	YTD
Staff Entertainment (420)	0.00	0.00

Invoices owed to you

New sales invoice

Draft invoices	0.00
2 Awaiting payment	640.00
1 Overdue	600.00

Older 30 Oct-5 Nov This week 13-19 Nov 20-26 Nov Future

Julie's Flowers Julie Flowers ▾

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings + 📁 📧² ?

Reports

Summary Custom Drafts Published Archived Search Reports 🔍

Financial

- ★ Balance Sheet
- Budget Manager
- ★ Cash Summary
- ☆ Movements in Equity
- ★ Profit and Loss
- ☆ Profit and Loss New
- ...

Tax

- ★ Activity Statement
- ☆ GST Reconciliation
- Taxable Payments Annual Report

Sales

- ★ Aged Receivables
- ☆ Aged Receivables Detail New
- ☆ Customer Invoice Report
- ...

Purchases

- ★ Aged Payables
- ☆ Aged Payables Detail New
- ☆ Billable Expenses - Outstanding New
- ☆ Supplier Invoice Report
- ...

Inventory



Info: Xero is always improving and creating new reports. To access Xero's new reports, which have more flexible settings and layout and a new easy-to-read design. New reports have the label 'New' on the All Reports screen.

Draft, Published and Archived Reports

The tabs along the top of the Report Centre show what reports can be run and what reports have already been created. The Reports tabs are explained as follows:

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings + 📁 📧² ?

Reports

Summary Custom Drafts Published Archived Search Reports 🔍

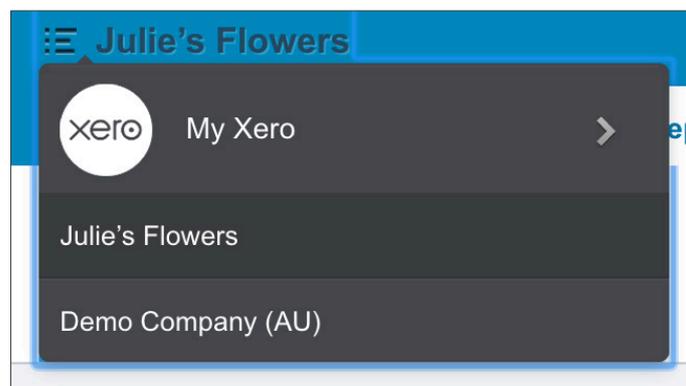
- **Summary:** Shows a list of all the standard reports you can generate and are categorised by function (e.g. Financial, Tax, Accounting, Sales etc) Cash, Detail, Foreign Currency, Tax and Payroll reports.
- **Custom:** Shows a list of reports that have been set up with custom settings that have been saved within your organisation.
- **Draft:** This tab shows reports that have been saved in draft for your review.
- **Published:** Reports that have been published are a snapshot for a particular period and are not updated by any transactions or adjustments that take place after publishing. These reports are shared with those who have access to view published reports.
- **Archived:** Shows published reports that have been archived. If you have the Advisor user role you can delete an archived report.

Changing Date ranges and comparison periods

EXERCISE 12.1

In this exercise you will be using the Demo Company to generate a Profit and Loss from Xero's standard reports.

1. Click on the Organisation name in the top left corner, select **My Xero > Demo Company (AU)**. If you have recently accessed the Demo Company you can select it from your **Recent** list.
2. Navigate to the Report Centre, **Reports > All Reports**.



- On the summary tab, click on the **New Profit and Loss Report** within the **Financial** section

Financial

★ Balance Sheet

Budget Manager

★ Cash Summary

☆ Movements in Equity

★ Profit and Loss

☆ Profit and Loss New

...

Profit and Loss

Demo Company (AU)
For the month ended 31 March 2017

	Mar 2017
Trading Income	
Sales	9,220.05
Total Trading Income	9,220.05
Cost of Sales	
Purchases	763.64
Total Cost of Sales	763.64
Gross Profit	8,456.41
Other Income	
Interest Income	97.05
Total Other Income	97.05
Operating Expenses	
Advertising	2,272.73
Bank Fees	300.00
Cleaning	155.00
Consulting & Accounting	49.00
Freight & Courier	(9.09)

Edit
Edit Layout
Save As
Export

The Profit and Loss report is generated and shows a default view of the current month.

The report settings at the top of the screen allow for report customisation. Clicking on Report Settings will expand to display the options.

You can alter the date range, compare periods (which will be added as additional columns), switch accounting basis, switch off decimals and also filter by tracking category (if they have been setup previously).

The screenshot shows a settings panel with the following configuration:

- Date Range:** This Month (dropdown), 1 Mar 2017 (start date), 31 Mar 2017 (end date). A 'Close' button is in the top right.
- Compare with:** 0 (input field with up/down arrows) previous periods.
- Accounting Basis:** Accrual, Cash.
- Numbers:** Show decimals.
- Region:** is (dropdown), All (dropdown). A close icon (x) is to the right.
- An **Update** button is located at the bottom right.

4. Click on the **Report Settings** tab and select the following variables:

Field	Information
Date range	This quarter
Compare with	1 previous periods

The screenshot shows a settings panel with the following configuration:

- Date Range:** This Quarter (dropdown), 1 Jan 2017 (start date), 31 Mar 2017 (end date). A 'Close' button is in the top right.
- Compare with:** 1 (input field with up/down arrows) previous periods.
- Accounting Basis:** Accrual, Cash.
- Numbers:** Show decimals.
- Region:** is (dropdown), All (dropdown). A close icon (x) is to the right.
- An **Update** button is located at the bottom right.

5. Click the **'Update'** button to update the report

Profit and Loss

Demo Company (AU)

For the 3 months ended 31 March 2017

	Jan-Mar 2017	Oct-Dec 2016
Trading Income		
Sales	40,551.05	4,600.00
Total Trading Income	40,551.05	4,600.00
Cost of Sales		
Purchases	763.64	-
Total Cost of Sales	763.64	-
Gross Profit	39,787.41	4,600.00
Other Income		
Interest Income	97.05	-
Total Other Income	97.05	-
Operating Expenses		
Advertising	4,102.91	-
Bank Fees	321.00	10.50
Cleaning	465.00	-
Consulting & Accounting	98.00	-
Entertainment	265.70	11.50

[Edit Layout](#)

[Save As](#) ▾

[Export](#) ▾

At the bottom of the report you are given the following options

- **Edit Layout:** this will take you to the reports layout editor, which provides many options for customisation. These options include: grouping, sub-grouping, changing order of accounts, custom formulas, custom columns for comparisons and text blocks.
- **Save As:** there are three options here:
 - Draft: save a report as a draft so you or another user in your organisation can access it again.
 - Custom: save a customised report, so that you can run this again at a later date. If you would like your custom report to replace the default view for that report, you can also set it as the default for an organisation.
 - Publish: save a report to publish as a read-only, final version. Published reports are only able to be viewed by the Adviser user role. You can publish a report from drafts or from within the report itself.

- **Export:** you can export a report the report to Excel, PDF or Google Sheets.



Teacher Note: When reports are exported to Excel or Google sheets, they are exported with Total and Subtotal formulas intact. This makes them ideal for Cost / Benefit Analysis.

6. Publish the report by clicking on the **Publish** button

Cover page

Title: Profit and Loss

Date: For the 3 months ended 31 March 2017

Prepared By: None

Profit and Loss
Demo Company (AU)
ABN 11 111 111 138
For the 3 months ended 31 March 2017

Include cover page

Contents

Profit and Loss [Edit](#)

Contents
• Profit and Loss

Include contents page

PDF Styling

Plain

Title

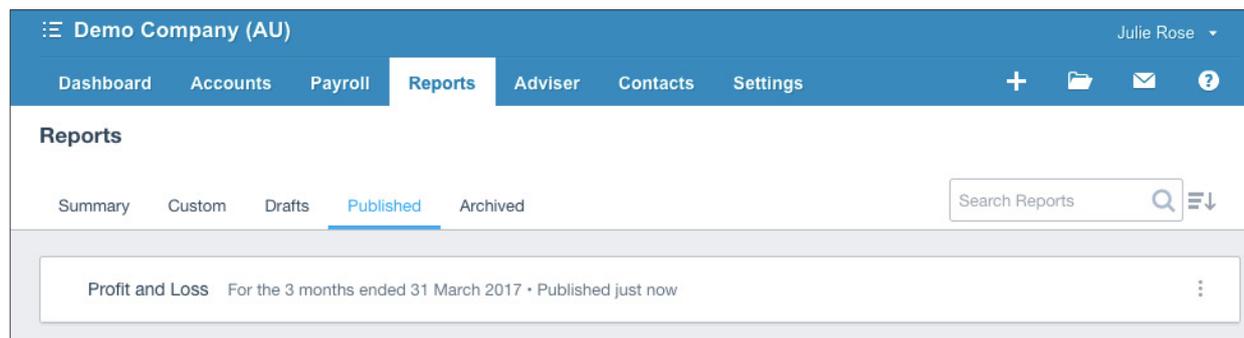
Numbers

Hide decimals on all pages Show decimals as set on each page

[Save](#) [Cancel](#)

7. To finalise the report, click **Publish**

The Profit and Loss report is now saved as a snapshot for that particular period and future transactions within that period will not effect the report.

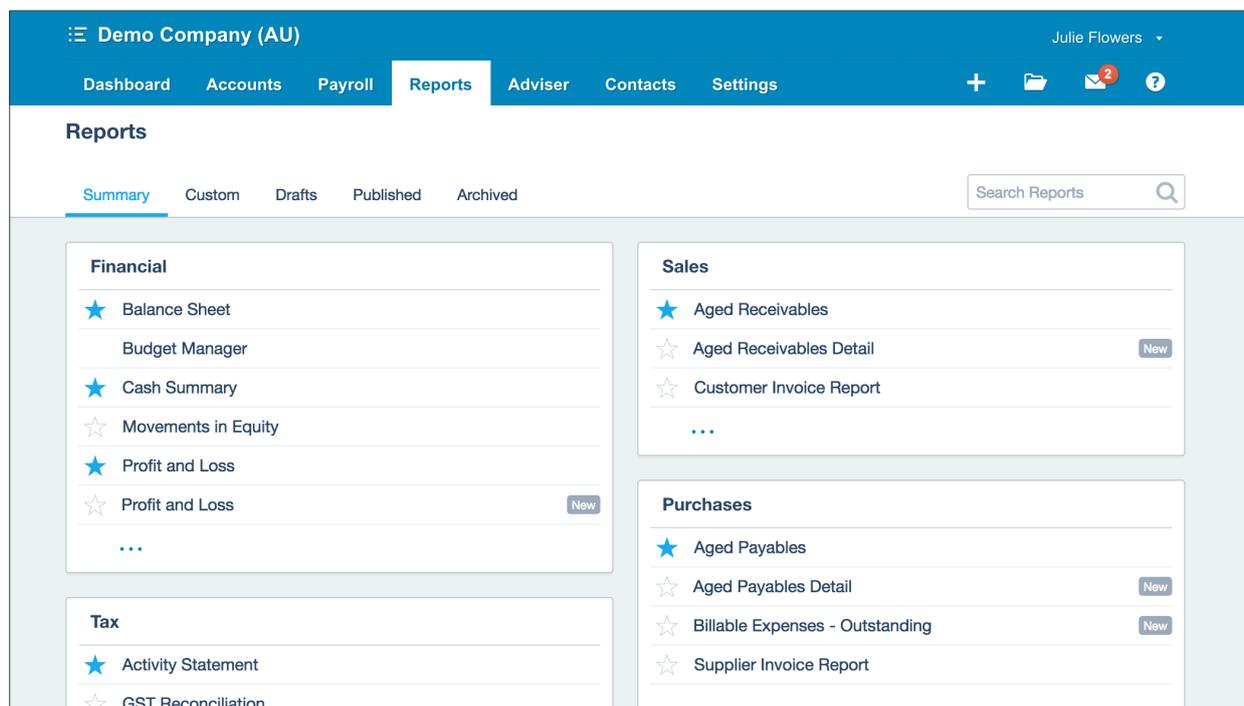


Customising report layouts

EXERCISE 12.2

In this exercise, you will customise the layout of the balance sheet and generate the report to understand the financial position of Julie's Flowers as at 30 June 2016.

1. Navigate to the Report Centre, select **Reports > All Reports**.



2. Within the **Financial** category click on the bottom row to expand and show all Financial reports

The screenshot shows a 'Reports' dashboard with a search bar and navigation tabs for Summary, Custom, Drafts, Published, and Archived. The 'Summary' tab is active. The dashboard is divided into four main sections: Financial, Sales, Purchases, and Inventory. Each section contains a list of reports with star icons and 'New' labels. The 'Financial' section is expanded to show a list of reports including Balance Sheet, Budget Manager, Cash Summary, Movements in Equity, Profit and Loss, Profit and Loss (New), Balance Sheet (New), Budget Summary, Budget Variance, Business Performance, Executive Summary, Movements in Equity (New), Statement of Cash Flows (New), and Tracking Summary. The 'Sales' section includes Aged Receivables, Aged Receivables Detail (New), and Customer Invoice Report. The 'Purchases' section includes Aged Payables, Aged Payables Detail (New), Billable Expenses - Outstanding (New), and Supplier Invoice Report. The 'Inventory' section includes Inventory Item Summary (New) and Inventory Items Summary.

3. Click on **Balance Sheet (New)** within the **Financial** category.

The screenshot shows the 'Balance Sheet' report configuration screen. It features a dropdown menu for 'End of Last Financial Year' set to '30 Jun 2016', an 'Update' button, and a 'Report Settings' link.

The report will generate and default to **End of Last Financial Year**

4. Update the dropdown box to **End of Last Month** and click the **Update** Button.

☰ Demo Company (AU)
Julie Flowers ▾

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings
+ 📁 📧² 🔍 ?

Reports >

Balance Sheet

End of Last Month ▾ 31 Oct 2016 ▾ Update Report Settings

Balance Sheet

Demo Company (AU)
As at 31 October 2016

Assets	31 Oct 2016
Bank	
Business Savings Account	11,581.23
Total Bank	11,581.23
Current Assets	
Accounts Receivable	22,217.00
Total Current Assets	22,217.00

Edit Layout Save As ▾ Export ▾

- Click the **Edit Layout** button to enter the layout editor.

Balance Sheet

T 📊 📄 📱 📺 ↑ ↓ 🗑️

Balance Sheet

Demo Company (AU)
As at 31 October 2016

	31 Oct 2016
Assets	0.00
▼ Bank ⇄	0.00
Business Bank Account	0.00
Business Savings Account	0.00
<i>Total Bank</i>	0.00
▼ Current Assets	0.00
Accounts Receivable	0.00
Inventory	0.00
Prepayments	0.00
<i>Total Current Assets</i>	0.00
▼ Fixed Assets	0.00
Computer Equipment	0.00
Less Accumulated Depreciation on Computer Equipment	0.00
Less Accumulated Depreciation on Office Equipment	0.00



Info: Within the layout editor there are some excellent features to further customise reports for instance, with the Profit and Loss report you can compare budget versus actual results.

6. Within the **Fixed Assets** group, select the **Less Accumulated Depreciation on Office Equipment** Account and drag it below 'Office Equipment'.

Balance Sheet					
▼ Bank			0.00		Row
Business Bank Account			0.00		
Business Savings Account			0.00		
Total Bank			0.00		
▼ Current Assets			0.00		
Accounts Receivable			0.00		
Inventory			0.00		
Prepayments			0.00		
Total Current Assets			0.00		
▼ Fixed Assets			0.00		
Computer Equipment			0.00		
Less Accumulated Depreciation on Computer Equipment			0.00		
Less Accumulated Depreciation on Office Equipment			0.00		
Office Equipment			0.00		
Total Fixed Assets			0.00		
▼ Non-current Assets			0.00		
Total Non-current Assets			0.00		
Total Assets			0.00		
Liabilities			0.00		
▼ Current Liabilities			0.00		
Accounts Payable			0.00		
Accrued Liabilities			0.00		
Clearing Account			0.00		

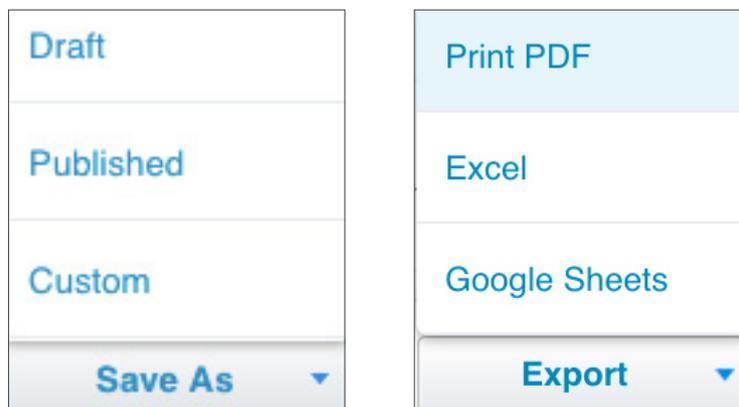
7. Click the **Done** button at the top of the page to confirm the change

Balance Sheet		
Demo Company (AU)		
As at 31 October 2016		
Assets		31 Oct 2016
<hr/>		
Bank		
Business Savings Account		11,581.23
Total Bank		11,581.23
<hr/>		
Current Assets		
Accounts Receivable		22,217.00
Total Current Assets		22,217.00
<hr/>		
Fixed Assets		
Computer Equipment		500.00
Office Equipment		7,050.00
Less Accumulated Depreciation on Office Equipment		(825.00)
Total Fixed Assets		6,725.00
<hr/>		
Total Assets		40,523.23

- At this point, you can export the Balance Sheet with changes reflected (click the Export button and select Print PDF to export the report to PDF) OR Save As a draft, published or custom report.

For this exercise, click the Save As button and select Custom, leave the name unchanged and tick the make this the default view for this report. By saving the report as a Custom Report default view, all changes applied will be seen by all users when they access this Balance Sheet report.

 **Teacher Note:** If the Name is changed during this step you will have a default of the existing report prior to any changes and a new custom report will be created using the new name.



GST Reporting

Australian businesses that are registered to report Goods and Services Tax (GST) obligations to the Australian Tax Office (ATO) are required to complete a Business Activity Statement (BAS) that will outline the tax obligations for the reporting period.

There are various methods of calculating and completing your BAS. Julie's Flowers reports GST on a Cash basis quarterly.



EXERCISE 12.3

Using the Demo Company, which contains sample data, you will complete the Business Activity Statement within Xero.



Teacher Note: Before completing the BAS, ensure all bank transactions are reconciled for the quarter. This is not required for this exercise.

Account watchlist

Account	This month	YTD
Inventory (630)	0.00	0.00
Office Expenses (453)	129.93	1,425.92
PAYG Withholdings Payable (825)	1,507.00	9,042.00
Sales (200)	9,220.05	45,151.05

Invoices owed to you

4 Draft invoices	2,200.00
10 Awaiting payment	16,006.55
4 Overdue	10,947.50

1. Click on **Reports > Activity Statement**

Steps to complete your Return

1. Select the period covered by this return and click Update.
2. Ensure your **Bank Reconciliation** is complete for the period and check your general ledger for exceptions.
3. Some fields in the return are automatically calculated by Xero, non GST fields will need to be entered manually.
4. When you have completed your return, you can ask your adviser to review it.
5. Copy the values to your Activity statement sent to you in the post or lodge your return using the **ATO portal**. Please do not send this report to the ATO.
6. After your Activity Statement has been lodged you can publish it in Xero. This takes a snapshot of your Activity Statement and Audit Report for future reference.

Business Activity Statement
 Demo Company (AU)
 For the period 1 July 2016 to 30 September 2016

Goods and Services Tax (Option 1)			
Total sales		G1	18,294

2. Update the **From:** and **To:** fields to the current quarter (For example: 1 Jan 2016 to 31 Mar 2016). Click **Update**.

You will note that Xero has automatically populated information in the BAS report based on transactions entered for the period. Before you continue completing the BAS, take the time to review transactions posted in the quarter.

3. Click on the **GST Audit Report** tab and click on the wide view link [Wide view](#) in the top right corner.

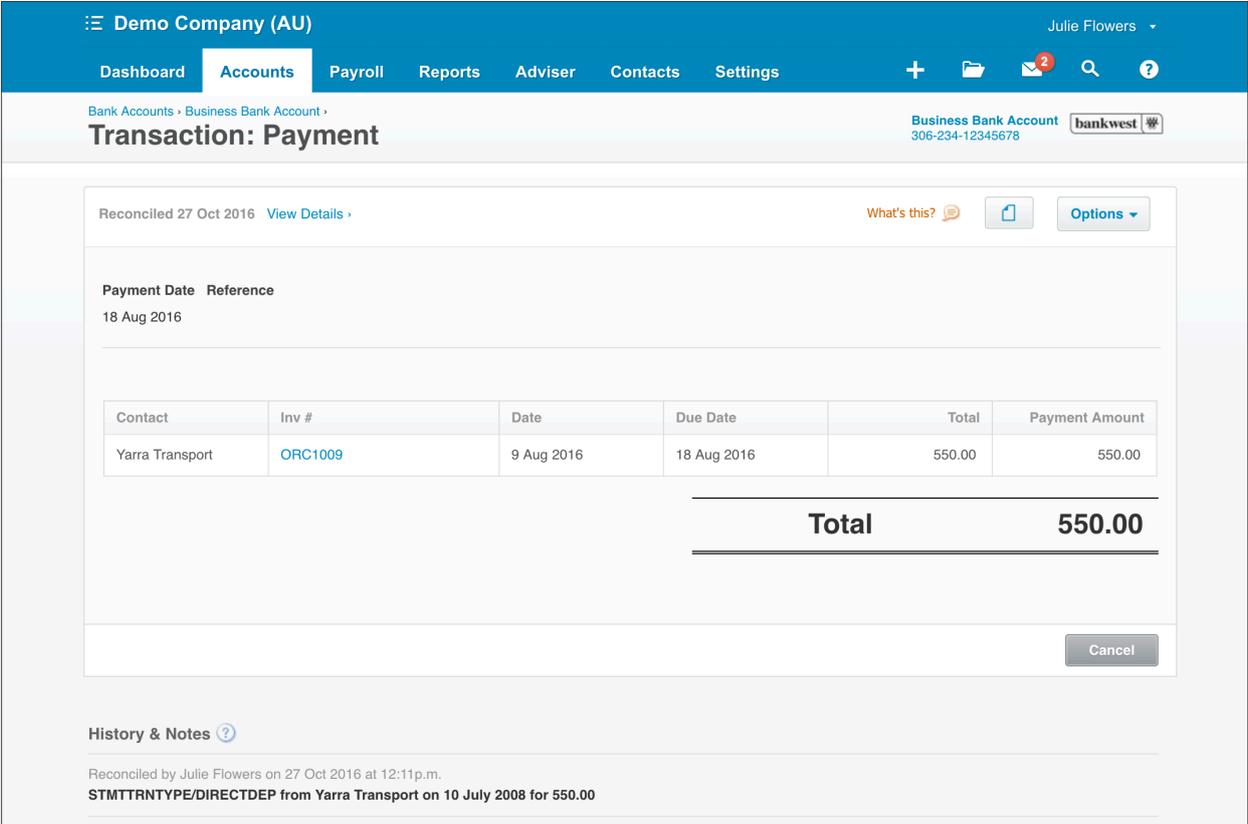
GST Audit Report
 Demo Company (AU)
 For the period 1 July 2016 to 30 September 2016

Date	Account	Reference	Details	Gross	GST	Net
GST on Income						
18 Aug 2016	Sales (200)	ORC1009	Payment from Yarra Transport	550.00	50.00	500.00
18 Aug 2016	Sales (200)	ORC1008	Payment from Hamilton Smith Pty	550.00	50.00	500.00
18 Aug 2016	Sales (200)	ORC1010	Payment from Port Phillip Freight	550.00	50.00	500.00
18 Aug 2016	Sales (200)	Monthly Support	Hamilton Smith Pty	(550.00)	(50.00)	(500.00)

The GST Audit report allows you to review transactions posted in the quarter and groups them by their tax rate. Review this report to ensure transactions are coded correctly and allocated the correct tax rate.

 **Important:** You can click on the **Account** or **Reference** field of a transaction within the **GST Audit Report** to review the transaction and edit if necessary.

For example, by clicking on **Sales (200)** of first line the in the screenshot above the following transaction is displayed.



The screenshot shows a software interface for 'Demo Company (AU)'. The user is logged in as 'Julie Flowers'. The navigation menu includes Dashboard, Accounts, Payroll, Reports, Adviser, Contacts, and Settings. The current view is 'Transaction: Payment' for a 'Business Bank Account' (306-234-12345678) with a 'bankwest' logo. The transaction is reconciled on 27 Oct 2016. The payment date is 18 Aug 2016. A table lists the transaction details:

Contact	Inv #	Date	Due Date	Total	Payment Amount
Yarra Transport	ORC1009	9 Aug 2016	18 Aug 2016	550.00	550.00
Total				550.00	

Below the table, there is a 'History & Notes' section with a question mark icon. The notes state: 'Reconciled by Julie Flowers on 27 Oct 2016 at 12:11p.m. STMTTRNTYPE/DIRECTDEP from Yarra Transport on 10 July 2008 for 550.00'. A 'Cancel' button is located at the bottom right of the transaction details area.

4. Click on the **GST Calculation Worksheet** link to review the calculation

Demo Company (AU) Julie Flowers

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings

Reports > **Activity Statement** Wide view

GST Calculation Worksheet Business Activity Statement GST Audit Report

GST Calculation Worksheet
Demo Company (AU)
For the period 1 July 2016 to 30 September 2016

Add Summary

GST amounts you owe the Tax Office from sales

Total sales (including any GST)	G1	18,294
Export sales	G2	0
Other GST-free sales	G3	0
Input taxed sales	G4	0
G2 + G3 + G4	G5	0
Total sales subject to GST (G1 minus G5)	G6	18,294
Adjustments (if applicable)	G7	0
Total sales subject to GST after adjustments (G6 + G7)	G8	18,294
GST on sales (G8 divided by eleven)	G9	1,663

GST amounts the Tax Office owes you from purchases

Capital purchases (including any GST)	G10	1,375
Non-capital purchases (including GST)	G11	6,251
G10 + G11	G12	7,626
Purchases for making input taxed sales	G13	0
Purchases without GST in the price	G14	282
Estimated purchases for private use or not income tax deductible	G15	0

Xero automatically populates the calculation worksheet based on transactions entered for the period. The blue shaded boxes show fields which must be entered manually.

- Click on the **Business Activity Statement** tab to complete the BAS.

From: 1 Jul 2016 To: 30 Sep 2016 Statement: Business Activity Statement

Update

Business Activity Statement
 Demo Company (AU)
 For the period 1 July 2016 to 30 September 2016

Add Summary

ABN		1111111138
GST Accounting Method		Cash Basis
Goods and Services Tax (Option 1)		
Total sales	G1	18,294
Does the amount shown at G1 include GST		Yes
Export sales	G2	0
Other GST-free sales	G3	0
Capital purchases (including any GST)	G10	1,375
Non-capital purchases (including GST)	G11	6,251
PAYG Tax Withheld		
Total salary, wages and other payments	W1	<input type="text" value="0"/>
Amount withheld from payments shown at W1	W2	<input type="text" value="0"/>
Amount withheld where no ABN is quoted	W4	<input type="text" value="0"/>
Other amounts withheld (excluding any amount shown in W2 or W4)	W3	<input type="text" value="0"/>
Total amounts withheld (W2 + W4 + W3)	W5	0
PAYG Income Tax Instalment (Option 1)		
Instalment (copy from BAS)	T7	<input type="text" value="0"/>
If varying this amount, complete T8, T9 and T4.		
Estimated tax for the year	T8	<input type="text" value="0"/>
Capital purchases (including any GST)	G10	1,375
Non-capital purchases (including GST)	G11	6,251
PAYG Tax Withheld		
Total salary, wages and other payments	W1	<input type="text" value="0"/>
Amount withheld from payments shown at W1	W2	<input type="text" value="0"/>
Amount withheld where no ABN is quoted	W4	<input type="text" value="0"/>
Other amounts withheld (excluding any amount shown in W2 or W4)	W3	<input type="text" value="0"/>
Total amounts withheld (W2 + W4 + W3)	W5	0
PAYG Income Tax Instalment (Option 1)		
Instalment (copy from BAS)	T7	<input type="text" value="0"/>
If varying this amount, complete T8, T9 and T4.		
Estimated tax for the year	T8	<input type="text" value="0"/>
Varied amount for the quarter	T9	<input type="text" value="0"/>
Reason code for variation List of codes	T4	<input type="text"/>
Amounts you owe the Tax Office		
GST on sales	1A	1,663
PAYG tax withheld	4	0
PAYG tax income tax instalment	5A	0
Deferred company/fund instalment	7	<input type="text" value="0"/>
1A+4+5A+7	8A	1,663
Amounts the Tax Office owes you		
GST on purchases	1B	667
Credit from PAYG income tax instalment variation	5B	<input type="text" value="0"/>
1B+5B	8B	667
Payment or Refund		
Is 8A more than 8B?		Yes
Your payment	9	996

Save as Draft

Publish

Print

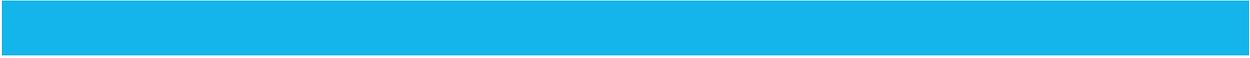
Export

The blue shaded boxes in the **Business Activity Statement** show fields which must be entered manually.

6. Click **Publish** to finalise the BAS

Check your progress

Skills	Complete
View, customise date ranges, and publish the Profit and Loss report	
Customise the report layout and save the custom Balance Sheet layout	
Run and publish the Business Activity Statement (BAS)	



13. End of Financial Year

Learning Outcomes

By the end of this module, you will be able to:

- understand and set lock dates
 - review accounts and reports
 - make end of year adjustments
-

END OF FINANCIAL YEAR

End of Financial Year in Xero

At the end of a financial year there are a number of responsibilities for any business. These may include obligations to the Australian Tax Office, or company compliance matters depending on the business.

In this module you will work through a simple year end process in Xero.



Important: Ensure you have the Advisor User role before completing this module

Before Year End Processing

To make processing the year end easy and straightforward, check to ensure that the following items have been completed:

Bank account	Fully reconcile your bank account(s) and ensure these agree with your actual bank statement balance.
Invoices	Enter and approve all invoices.
Bills	Enter and approve all bills.
Expense claims	Enter and approve all expense claims.
Payments received	Bank all payments received.
User roles	Ensure all required users have appropriate access to process end of year requirements. For example Accountant, Bookkeeper or payroll administrator

Lock Dates

You can set lock dates in Xero to stop changes being made to transactions during a past period. After you set a lock date, users can't add or edit transactions in Xero if the transaction date is earlier than the lock date.

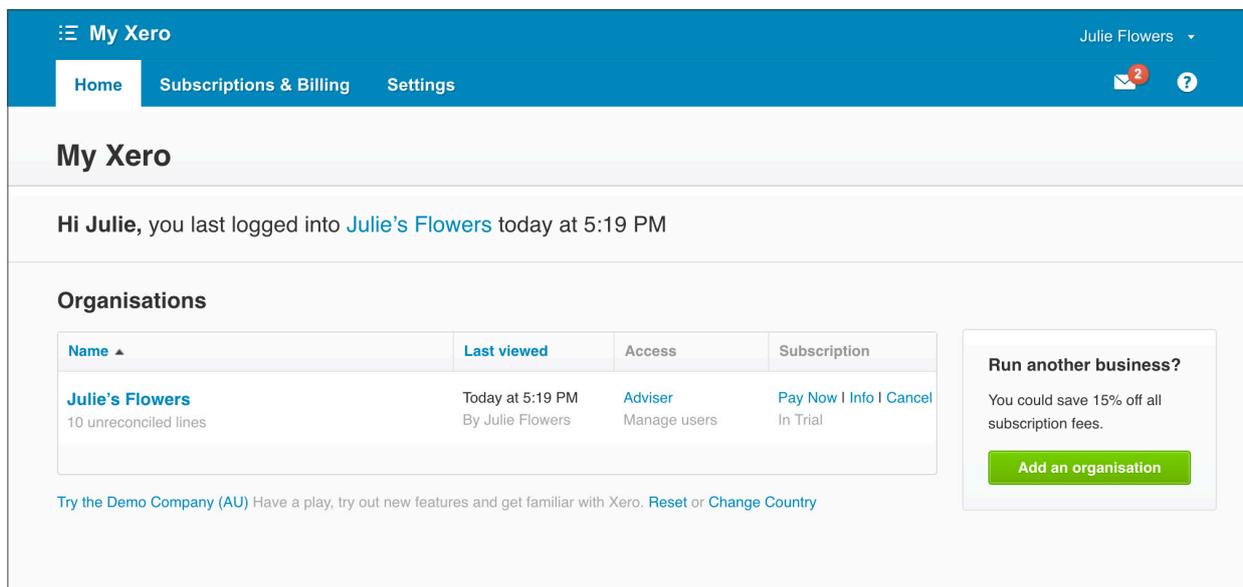
Typically lock dates are used when financial records are being prepared for the year so that other users cannot make further changes during the year end processing. Lock dates are also useful at the end of a sales tax period.

To set and edit Lock Dates you need the Advisor user role. You can change and remove the lock date at any time.

EXERCISE 13.1

In this exercise we will use Julie's Flowers, which contains sample data.

1. Go to **My Xero > Julie's Flowers**



My Xero

Julie Flowers

Home Subscriptions & Billing Settings

Hi Julie, you last logged into Julie's Flowers today at 5:19 PM

Organisations

Name	Last viewed	Access	Subscription
Julie's Flowers 10 unreconciled lines	Today at 5:19 PM By Julie Flowers	Adviser Manage users	Pay Now Info Cancel In Trial

Try the Demo Company (AU) Have a play, try out new features and get familiar with Xero. [Reset](#) or [Change Country](#)

Run another business?

You could save 15% off all subscription fees.

[Add an organisation](#)

2. Navigate to the Financial Settings screen, **Settings > General Settings**. Under **Organisation** click **Financial Settings**

Lock Dates ?

Lock dates stop data from being changed for a specific period. You can change these at any time.

Stop all users (except advisers) making changes on and before
30 Jun 2017

Stop all users making changes on and before
30 Jun 2016

Time zone
(UTC+10:00) Canberra, Melbourne, Sydney

Save Cancel

You have two options of lock dates:

- **Stop all users (except advisers) making changes on and before:** Only those with the Advisor role have access to make changes. You can use this lock date to stop users processing day-to-day transactions but still allowing accounting staff, bookkeeping staff, or financial advisors to make end of year adjustments
 - **Stop all users making changes on and before:** All users, including those with the Advisor role, will not be able make changes. You can use this lock date once all year end processes are completed.
3. For this exercise, select the dropdown box for **Stop all users (except advisers) making changes on and before** and select 30 Jun 2016.
 4. Click on 

Financial Settings

Financial Year End

30 June

Activity Statement Settings

GST Accounting Method: Cash Basis
 Tax File Number: 53003086616
 GST Calculation: Quarterly (Option1)
 PAYG Withheld Period: Quarterly
 PAYG Income Tax Method: Option 1 (Pay instalment quarterly)

Additional tax areas applicable to your business

Fringe Benefits Tax Fuel Tax Credits Wine Equalisation Tax

Tax Defaults

For Sales: Based on last sale (Includes invoices, quotes, credit notes and receive money items)

For Purchases: Based on last purchase (Includes bills, purchase orders, credit notes, and spend money items)

Lock Dates

Lock dates stop data from being changed for a specific period. You can change these at any time.

Stop all users (except advisers) making changes on and before: 30 Jun 2016

Stop all users making changes on and before:

Time zone

(UTC+10:00) Canberra, Melbourne, Sydney

Save Cancel

Process the Year End

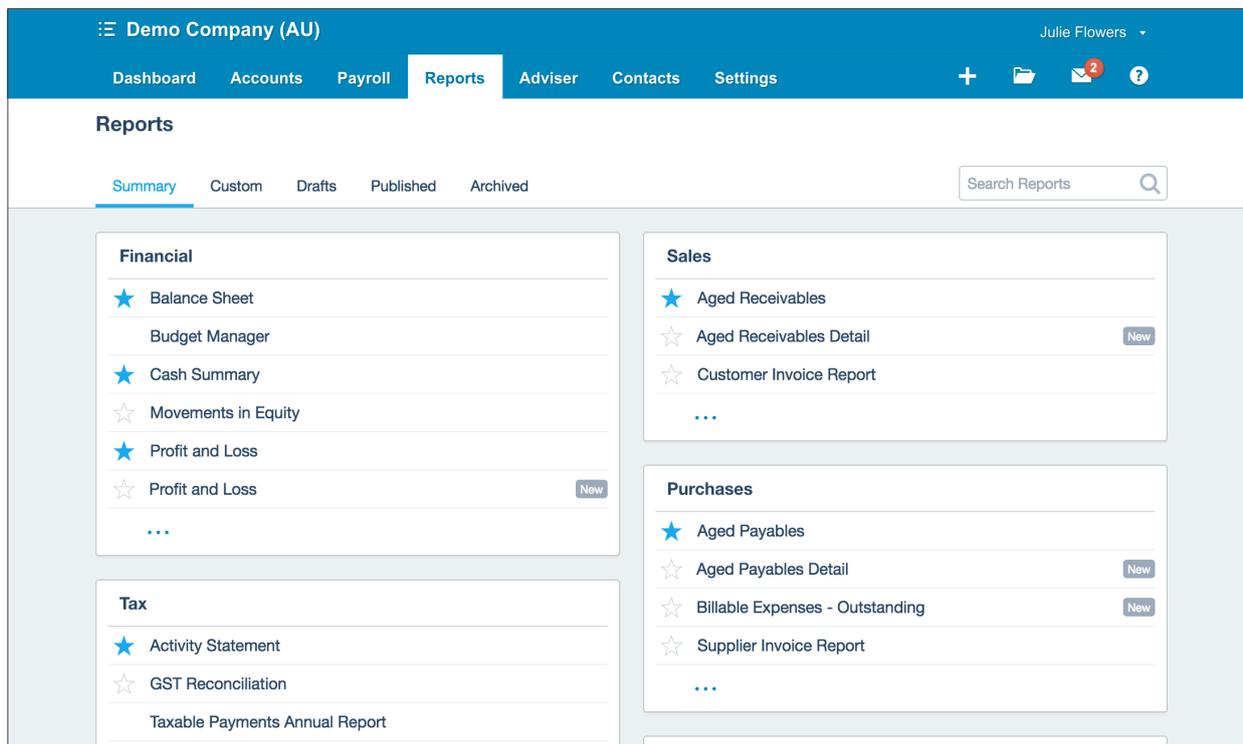
Run a GST Reconciliation report

This report shows the actual GST reported for each period based on published Activity Statements in Xero compared to the GST collected or paid each period based on transactions that have been entered. If these agree the reconciliation process will be very easy, however often changes will occur either from new transactions being entered or existing transactions being changed after an Activity Statement is published for a period.

EXERCISE 13.2

In this exercise, you are not required to make any GST adjustments for unfilled amounts, you will simply generate and publish the GST Reconciliation report.

1. In the Demo Company, navigate to the Report Centre, **Reports > All Reports**.



2. On the summary tab, click on the **GST Reconciliation** report within the **Tax** section



3. Update the dates for the year end period and press **Update**.

The following screenshots show an example of what the GST Reconciliation report looks like when all Business Activity Statements have been published for the period.

GST Reconciliation
 Demo Company (AU)
 From 1 July 2016 to 30 June 2017
 Cash Basis

[Add Summary](#)

GST Collected

GST Period	GST Collected	Adjustments	Filed	Unfiled
Opening Balance				0.00
1 Jul 16 - 30 Sep 16	1,663.14	<input type="text"/>	<input type="text"/>	1,663.14
1 Oct 16 - 31 Dec 16	1,397.73	<input type="text"/>	<input type="text"/>	3,060.87
1 Jan 17 - 31 Mar 17	0.00	<input type="text"/>	<input type="text"/>	3,060.87
1 Apr 17 - 30 Jun 17	0.00	<input type="text"/>	<input type="text"/>	3,060.87
Total	3,060.87	0.00	0.00	3,060.87

GST Paid

GST Period	GST Paid	GST On Imports	Adjustments	Filed	Unfiled
Opening Balance					0.00
1 Jul 16 - 30 Sep 16	667.72	0.00	<input type="text"/>	<input type="text"/>	667.72
1 Oct 16 - 31 Dec 16	1,585.98	0.00	<input type="text"/>	<input type="text"/>	2,253.70
1 Jan 17 - 31 Mar 17	0.00	0.00	<input type="text"/>	<input type="text"/>	2,253.70
1 Apr 17 - 30 Jun 17	0.00	0.00	<input type="text"/>	<input type="text"/>	2,253.70
Total	2,253.70	0.00	0.00	0.00	2,253.70

GST Account Transactions

Date	Transaction	Amount
Total		0.00

GST Owing

Opening Balance	0.00
Plus GST Collected and Filed	0.00
Less GST Paid and Filed	0.00
Less Payments Made	0.00
Closing Balance	0.00

GST Account Summary

GST Owing	0.00
GST in Accounts Receivable	1,455.14
GST in Accounts Payable	(73.43)
GST in Expense Claims	0.00
Unfiled GST	807.17
Balance at 30 June 2017	1,488.88
GST Account Balance	1,488.88

[Save as Draft](#)

[Publish](#)

[Print](#)

[Export](#)

You will notice that in the Demo Company the Business Activity Statements for the year have not been published and balances remain in the **Unfiled** column.

The GST Reconciliation report lets you check the amounts filed (based on published Activity Statements) against any unfiled amounts that have occurred as a result of any new transactions entered or edits to existing transactions. The report also contains a GST Account Summary, this section provides a breakdown of the GST account balance from your Balance Sheet.

- Review the **GST Collected** and **GST Paid** sections. The total amount in the Unfiled column should show Nil to demonstrate that all recorded GST collected or GST paid transactions have been lodged and filed accurately for the period. If any amount displays as unfiled, an adjustment may be required for the business to comply with GST legislation, A New Tax System (*Goods and Services Tax*) Act 1999.

GST Collected				
GST Period	GST Collected	Adjustments	Filed	Unfiled
Opening Balance				0.00
1 Jul 11 - 30 Sep 11	25,880.00	0.00	25,880.00	0.00
1 Oct 11 - 31 Dec 11	41,670.00	0.00	41,670.00	0.00
1 Jan 12 - 31 Mar 12	19,150.00	0.00	19,150.00	0.00
1 Apr 12 - 30 Jun 12	54,400.00	0.00	54,400.00	0.00
1 Jul 12 - 30 Sep 12	25,880.00	0.00	25,880.00	0.00
1 Oct 12 - 31 Dec 12	41,670.00	0.00	41,670.00	0.00
1 Jan 13 - 31 Mar 13	19,150.00	0.00	19,150.00	0.00
1 Apr 13 - 30 Jun 13	11,000.00	0.00	11,000.00	0.00
Total	238,800.00	0.00	238,800.00	0.00

- Ensure the balance at year end of the **GST Account Summary** section matches the **GST Account Balance** for the period.



Info: The **GST Account Balance** is the balance of all transactions recorded in the GST control account on the balance sheet.

GST Account Summary	
GST Owing	0.00
GST in Accounts Receivable	1,455.14
GST in Accounts Payable	(773.43)
GST in Expense Claims	0.00
Unfiled GST	807.17
Balance at 30 June 2017	1,488.88
GST Account Balance	1,488.88

Save as Draft
Publish
Print
Export ▾

- Click the **Publish** button to complete the report.



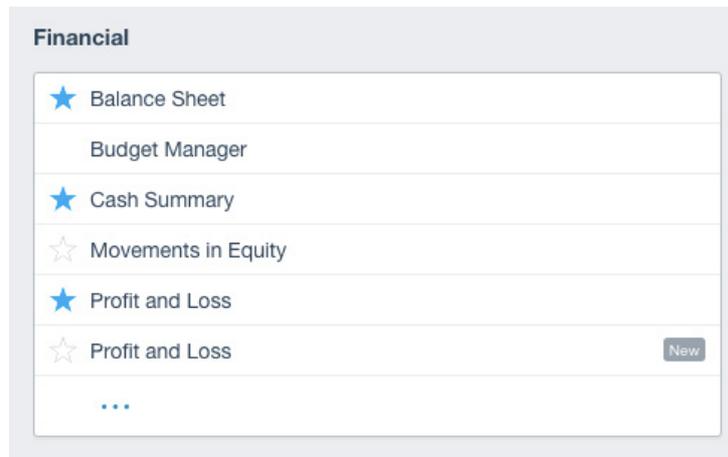
Important: At the time of publication, changes for Simpler BAS reporting have not yet come into effect. For updates on how this will change the Activity Statement reporting in Xero refer to the Xero Business Help Centre at <https://help.xero.com/au/>

Run a Trial Balance



EXERCISE 13.3

1. Navigate to the Report Centre, **Reports > All Reports**.
2. On the summary tab, click on the **Profit and Loss (New)** report within the **Financial** section



☰ Demo Company (AU)
Julie Rose ▾

Dashboard Accounts Payroll **Reports** Adviser Contacts Settings
+ 📁 📧 🔍 ?

Reports >

Profit and Loss

Date Range: This Financial Year ▾ 1 Jul 2016 ▾ 30 Jun 2017 ▾ Update Report Settings

Profit and Loss

Demo Company (AU)
For the year ended 30 June 2017

Trading Income		2017
Sales		45,151.05
Total Trading Income		45,151.05
Cost of Sales		
Purchases		763.64
Total Cost of Sales		763.64
Gross Profit		44,387.41
Other Income		
Interest Income		97.05
Total Other Income		97.05
Operating Expenses		
Advertising		4,102.91
Bank Fees		331.50

Edit Layout
Save As ▾ Export ▾

3. Update the **Date** dropdown box to show the end of the current financial year.

4. Publish the report by clicking on the **Save as > Published** button

You are then prompted to update the report Title and other details as desired before saving.

Publish

Cover page

Title: Profit and Loss

Date: For the year ended 30 June 2017

Prepared By: None

Profit and Loss

Demo Company (AU)

ABN 11 111 111 138

For the year ended 30 June 2017

Include cover page

Contents

Profit and Loss [Edit](#)

Contents

• Profit and Loss

Include contents page

PDF Styling

Plain

Title

Numbers

Hide decimals on all pages Show decimals as set on each page

[Save](#) [Cancel](#)

- To finalise the report, click **'Save'**. The Profit and Loss report is now saved as a snapshot for that particular period and future transactions within that period will not effect the report.

Reconcile all accounts on your Balance Sheet

Bank Account

Make sure any unpresented cheques or payments are correct. Check your imported bank balance in Xero against your actual bank balance from your bank.

Use the **Bank Reconciliation Summary** report to help you achieve this. This report was covered in detail in **Module 11 - Bank Reconciliation**.



EXERCISE 13.4

To run the bank reconciliation report at year end, use the following steps.

1. Navigate to the Report Centre, **Reports > All Reports.**
2. On the summary tab, click on the **Bank Reconciliation Summary** report within the **Accounting** section
3. Select the bank account you wish to review from the **Bank Account** dropdown box and select the year end date. Click the **Update** button.
4. Review and confirm all unrepresented or cleared transactions.
5. Click the **Publish** button

The screenshot shows the Xero interface for a 'Demo Company (AU)'. The user is logged in as 'Julie Flowers'. The navigation menu includes Dashboard, Accounts, Payroll, Reports (selected), Adviser, Contacts, and Settings. The 'Bank Reconciliation' page is displayed, with a 'Wide view' toggle. A green banner prompts the user to 'Check your Statement Balance' for 30 June 2017. Below this, there are tabs for 'Bank Reconciliation Summary', 'Bank Statement', and 'Statement Exceptions'. The 'Bank Reconciliation Summary' tab is active, showing a form with 'Bank Account: 090 - Business Bank Acc' and 'Date: 30 Jun 2017', and an 'Update' button. The summary title is 'Bank Reconciliation Summary Business Bank Account Demo Company (AU) As at 30 June 2017'. An 'Add Summary' button is present. A table shows the balance in Xero as (2,151.58) and one outstanding payment of 1,181.25 from 3 Nov 2016.

Date	Description	Reference	Amount
30 Jun 2017	Balance in Xero		(2,151.58)
Plus Outstanding Payments			
3 Nov 2016	Payment: Truxton Property Management		1,181.25

Accounts Receivable and Accounts Payable

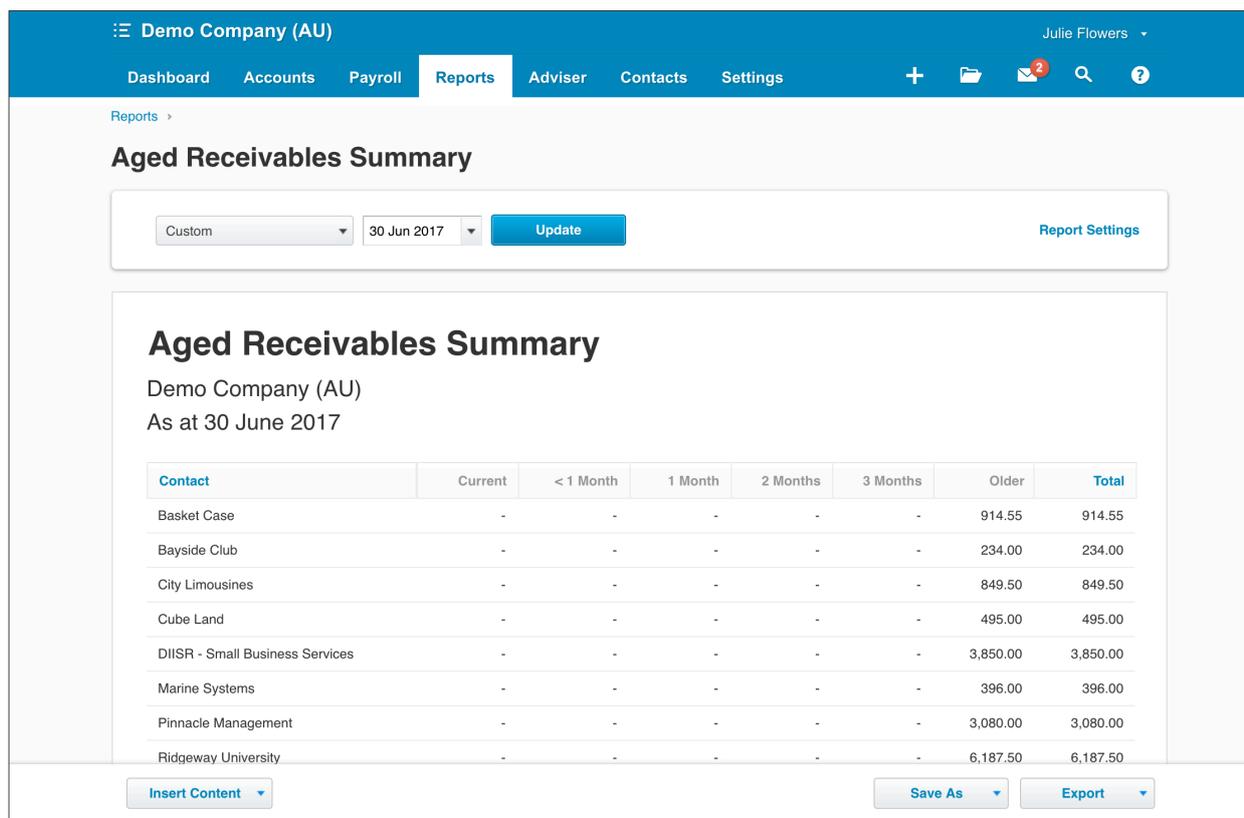
Xero is designed to ensure the balances of your aged receivables and payables match your general ledger at all times.

Using the **Aged Receivables Summary** and the **Aged Payables Summary**, you can review these balances. These reports are also useful prompts to assess if any bad debts should be written off.

EXERCISE 13.5

To run the **Aged Receivables Summary** report at year end, use the following steps (PC 4.2).

1. Navigate to the Report Centre, **Reports > All Reports**.
2. Click on the **Aged Receivables Summary** report within the **Sales** section.
3. Select the year end date from the Date dropdown and click the **Update** button.



Aged Receivables Summary

Demo Company (AU)
As at 30 June 2017

Contact	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total
Basket Case	-	-	-	-	-	914.55	914.55
Bayside Club	-	-	-	-	-	234.00	234.00
City Limousines	-	-	-	-	-	849.50	849.50
Cube Land	-	-	-	-	-	495.00	495.00
DIISR - Small Business Services	-	-	-	-	-	3,850.00	3,850.00
Marine Systems	-	-	-	-	-	396.00	396.00
Pinnacle Management	-	-	-	-	-	3,080.00	3,080.00
Ridgeway University	-	-	-	-	-	6,187.50	6,187.50

4. Follow the same steps for the **Accounts Payable Summary** report which is within the **Purchases** section.

Balance Sheet Accounts

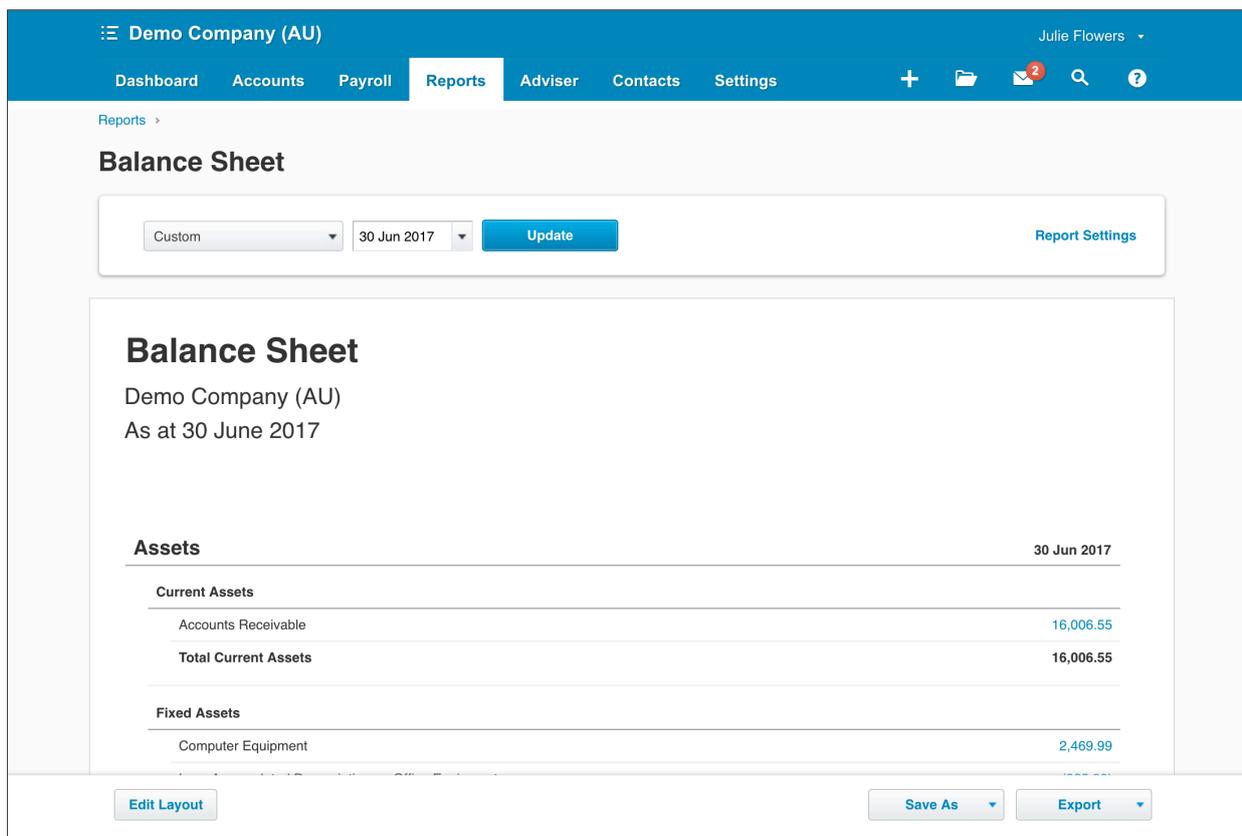
An important step for End of Year processing is to ensure that the balances shown on your balance sheet reconcile to the transactions that make up the account balances.

EXERCISE 13.6

For this exercise, you will generate a Balance Sheet report that shows the organisation's financial position and you will run detailed account reports to reconcile fixed asset balances shown on the balance sheet.

Firstly, run the Balance Sheet report at year end, using the following steps.

1. Navigate to the Report Centre, **Reports > All Reports**.
2. Click on the **Balance Sheet (New)** report within the **Financial** section
3. Select the year end date from the Date dropdown and click the **Update** button



The screenshot displays the 'Balance Sheet' report for 'Demo Company (AU)' as at 30 June 2017. The interface includes a navigation bar with 'Reports' selected, and a control panel with a 'Custom' dropdown, a date dropdown set to '30 Jun 2017', an 'Update' button, and a 'Report Settings' link. The report content shows a table of assets:

Assets		30 Jun 2017
Current Assets		
Accounts Receivable		16,006.55
Total Current Assets		16,006.55
Fixed Assets		
Computer Equipment		2,469.99

At the bottom of the report area, there are buttons for 'Edit Layout', 'Save As', and 'Export'.

You can review the detailed transactions that make up a Balance Sheet account directly from this report.

4. Click on the **Computer Equipment** balance, under **Fixed Assets**, to review what makes up this balance.

Account Transactions

Accounts: 720 - Computer Equipment

Date Range: Custom | 1 Jul 2016 | 30 Jun 2017 | Update | Report Settings

Computer Equipment Transactions

Demo Company (AU)
For the period 1 July 2016 to 30 June 2017

Date	Source	Description	Reference	Debit	Credit	Gross	GST
Computer Equipment							
Opening Balance				-	-	-	-
28 Aug 2016	Expense Claim	Expense claim for Orange Girl		500.00	-	550.00	50.00
3 Nov 2016	Payable Invoice	PC Complete - Laptop (Tracy)		1,969.99	-	2,166.99	197.00

Insert Content | Save As | Export

Make End of Year Adjustments

An Accountant or Bookkeeper is likely to add entries or make adjustments at the end of a financial year. These could include:

- Accruals
- GST adjustments
- Work in progress
- Tax liability
- Depreciation



EXERCISE 13.7

Year End Journals

In this exercise you will create a manual journal for an accrued expense at year end. Julie's Flowers incurred an expense for building maintenance of \$200 excluding GST in June but didn't receive the invoice until after year end. The following steps will record the expense in the period it was incurred.

Manual Journals are covered in detail as part of **Module 12 - Journal Entries**.

1. Navigate to the Manual Journals screen, **Advisor > Manual Journals**. Click on the + **New Journal** button
2. Add the following details into the fields in the 'New Manual Journal' screen:

Field	Information
Narration	Record Accrued Expenses - building maintenance
Date	Current Year end date (i.e. 30 June 2016)
Auto Reversing Date	Start of new financial year (i.e. 1 July 2016)
Default narration to journal line description	Ticked
Show journal on cash basis reports	Ticked
Amounts are:	No Tax
Line 1	
Description	Automatically populated with narration (as per tick box)
Account	473 - Repairs and Maintenance
Tax rate	BAS Excluded
Region	Blank
Debit AUD	\$200
Credit AUD	Blank

Line 2	
Description	Automatically populated with narration (as per tick box)
Account	815 - Accrued Expenses
Tax rate	BAS Excluded
Region	Blank
Debit AUD	Blank
Credit AUD	\$200

Demo Company (AU)
Julie Flowers

Dashboard Accounts Payroll Reports Adviser Contacts Settings

Manual Journals > **New Manual Journal**

Draft 📄

Narration
Record Accrued Expenses - building maintenance

Date
30 Jun 2017

Auto Reversing Date (optional)
1 Jul 2017

Default narration to journal line description

Show journal on cash basis reports

Amounts are No Tax

Description	Account	Tax Rate	Region	Debit AUD	Credit AUD
Record Accrued Expenses - building mainten...	453 - Office Expenses	BAS Excluded		200.00	
Record Accrued Expenses - building mainten...	805 - Accrued Liabilities	BAS Excluded			200.00
Subtotal				200.00	200.00
TOTAL				200.00	200.00

Add a new line

Save as draft
Post
Cancel

- Click **Post** to record the journal in the General Ledger

Find & Recode

Xero's Find & Recode function allows you to search for specific transactions based on search conditions and adjust or 'recode' multiple line items at once.

The screenshot shows the Xero dashboard for 'Demo Company (AU)'. The top navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Adviser' menu is open, showing options like 'Manual Journals', 'Management Report', 'Activity Statement', 'Annual Accounts - SPFR', 'Reconciliation Reports', 'Export', 'History & Notes Activity', 'Assurance Dashboard', and 'Find & Recode'. The main dashboard area displays 'Business Bank Account' with a 'Reconcile 28 items' button and a line chart. Below it is the 'Business Savings Account'. To the right, there is a 'watchlist' table and an 'Invoices owed to you' section with a 'New sales invoice' button.

	This month	YTD
30)	0.00	0.00
nses (453)	0.00	1,425.92
holdings Payable (825)	1,507.00	9,042.00
	795.05	45,151.05

4 Draft invoices	2,200.00
10 Awaiting payment	16,006.55
3 Overdue	7,097.50

EXERCISE 13.8

In this exercise you will search transactions based on GST Tax Rate and update the Tax Rate.

Find & Recode is accessible from the Advisor menu for users who have the Advisor user role.

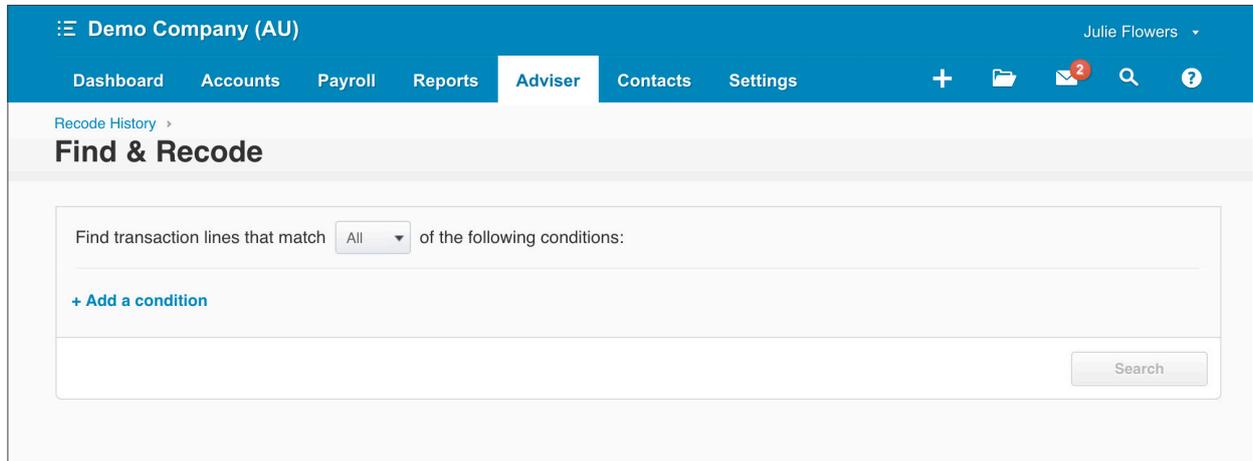
- Click on **Advisor > Find & Recode**

The screenshot shows the 'Find & Recode' interface. At the top, there is a 'Find & Recode' button. Below it is the section 'History of Recoded Transactions' with a table. The table has columns for 'Date', 'Audit Report', 'Transactions Affected', 'Transaction Dates', 'Approved By', and 'Status'. The table is currently empty, displaying the message 'No recoding history to display'.

Date	Audit Report	Transactions Affected	Transaction Dates	Approved By	Status
No recoding history to display					

On the Find & Recode screen you will see any history of recoded transactions once posted. If you were to do this for Julie's Flowers this will initially show as 'No recoding history to display'

- Continuing in the Demo Company, click on the **Find & Recode** button to begin



- To add a search condition click the + **Add a condition** link. From the list of conditions select **Tax Rate**.

+ Add a condition
Type
Status
Account
Date
Transaction Total
Tax Rate
Entered By
Contact
Region

- Complete the condition by selecting **BAS Excluded** in the **Enter a tax rate** box. Click the **Search** button.

Demo Company (AU) Julie Flowers

Dashboard Accounts Payroll Reports **Adviser** Contacts Settings

Recode History > **Find & Recode**

Find transaction lines that match **All** of the following conditions:

Tax Rate Is **BAS Excluded**

[+ Add a condition](#)

Search

Review the list of transactions with a **Tax Rate** of **BAS Excluded**. At the bottom of the list is an Interest transaction from the Business Savings Bank. For this transaction you will change the Tax Rate from **BAS Excluded** to **GST Free Income**.

Recode No items selected Select all 37 items

<input type="checkbox"/>	Date	Contact	Inv#/Ref	Inv Ref	Transaction Total	Description	Account	Tax Rate	Region	Line Total
<input type="checkbox"/>	20 Oct 2016	Odette Garrison	Wages	Wages	1,938.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	Eastside	-562.00
<input type="checkbox"/>	03 Nov 2016	Odette Garrison	Wages	Wages	1,938.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	Eastside	2,500.00
<input type="checkbox"/>	03 Nov 2016	Odette Garrison	Wages	Wages	1,938.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	Eastside	-562.00
<input type="checkbox"/>	03 Nov 2016	Tracy Green	Wages	Wages	1,395.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	South	-405.00
<input type="checkbox"/>	03 Nov 2016	Tracy Green	Wages	Wages	1,395.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	South	1,800.00
<input type="checkbox"/>	03 Nov 2016	Oliver Gray	Wages	Wages	1,860.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	North	-540.00
<input type="checkbox"/>	03 Nov 2016	Oliver Gray	Wages	Wages	1,860.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	North	2,400.00
<input type="checkbox"/>	08 Nov 2016	Business Savings Bank			97.05	Interest	270 - Interest Income	BAS Excluded		97.05

100 items per page 37 total items

- Select the check box on the left hand side of the **Business Savings Bank - Interest** transaction.

[Search](#)

Recode 1 item selected | Select all 37 items

Recode source transactions
 Recode with a manual journal

	Inv#/Ref	Inv Ref	Transaction Total	Description	Account	Tax Rate	Region	Line Total		
<input type="checkbox"/>	03 Nov 2016	Odette Garrison	Wages	Wages	1,938.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	Eastside	-562.00
<input type="checkbox"/>	03 Nov 2016	Odette Garrison	Wages	Wages	1,938.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	Eastside	2,500.00
<input type="checkbox"/>	03 Nov 2016	Odette Garrison	Wages	Wages	1,938.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	Eastside	-562.00
<input type="checkbox"/>	03 Nov 2016	Tracy Green	Wages	Wages	1,395.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	South	-405.00
<input type="checkbox"/>	03 Nov 2016	Tracy Green	Wages	Wages	1,395.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	South	1,800.00
<input type="checkbox"/>	03 Nov 2016	Oliver Gray	Wages	Wages	1,860.00	less tax	825 - PAYG Withholdings Payable	BAS Excluded	North	-540.00
<input type="checkbox"/>	03 Nov 2016	Oliver Gray	Wages	Wages	1,860.00	Fortnight wages gross	477 - Wages and Salaries	BAS Excluded	North	2,400.00
<input checked="" type="checkbox"/>	08 Nov 2016	Business Savings Bank			97.05	Interest	270 - Interest Income	BAS Excluded		97.05

100 items per page | 37 total items

6. Click the dropdown arrow on the **Recode** button and select Recode source transactions.

 **Info:** You are given the option of how you would like to recode the selected transactions, either by updating the source transactions or by posting a manual journal.

Recode Transactions ✕

Recode this 1 line item affecting 1 transaction using the selected changes...

Contact

Account

Tax Rate

[+ Add](#)

7. In the Recode Transactions screen, select **GST Free Income** in the **Tax Rate** drop down box.

Recode Transactions [X]

Recode this 1 line item affecting 1 transaction using the selected changes...

Contact Don't change

Account Don't recode

Tax Rate ? GST Free Income

+ Add

Review Cancel

8. Click the **Review** button.

Confirm Recode [X]

1 line item affecting 1 transaction will be updated with these changes:

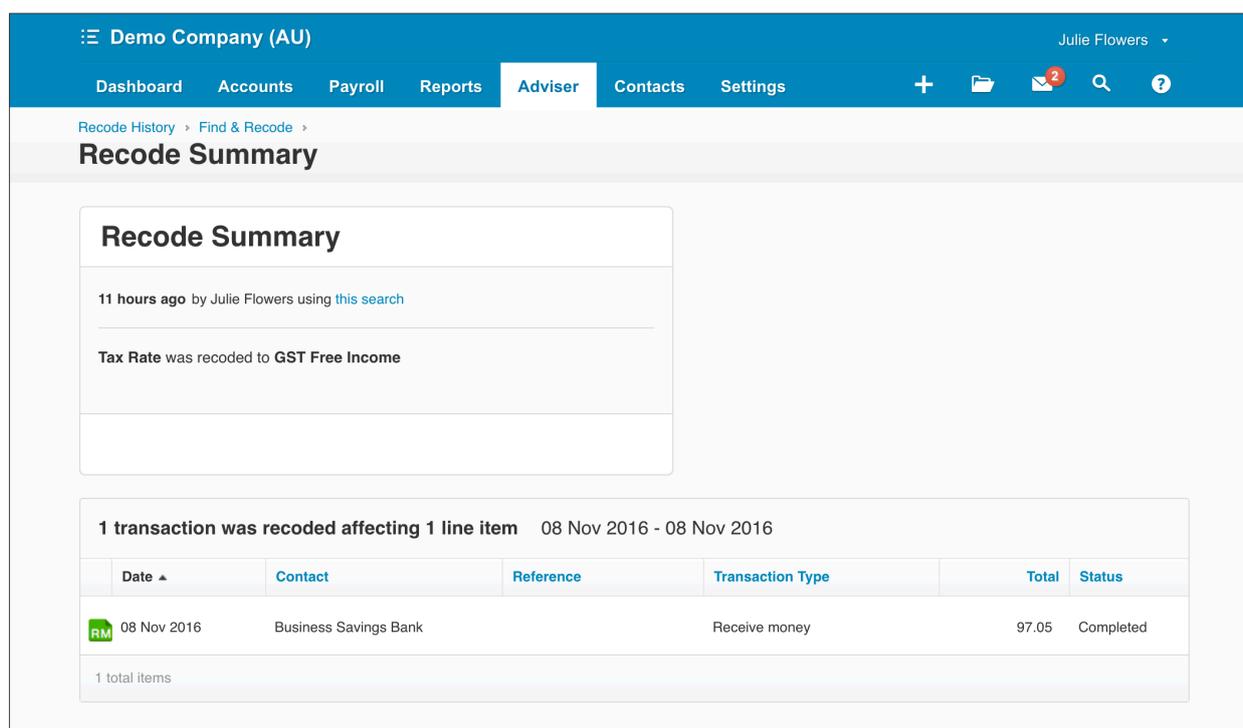
Tax Rate recoded to **GST Free Income**

 This recode process can take several minutes to process. During this time you will not be able to edit any of the affected transactions. This cannot be undone.

Confirm Cancel

Click the **Confirm** button to action the recode.

A summary of the recode is displayed once the recode has been completed.



The screenshot shows the Xero interface for a 'Demo Company (AU)'. The user is Julie Flowers. The navigation menu includes Dashboard, Accounts, Payroll, Reports, Adviser, Contacts, and Settings. The current page is 'Recode Summary', accessed via 'Recode History > Find & Recode >'. The main content area displays a 'Recode Summary' box with the following details:

- 11 hours ago by Julie Flowers using [this search](#)
- Tax Rate was recoded to GST Free Income

Below this, a summary states: '1 transaction was recoded affecting 1 line item 08 Nov 2016 - 08 Nov 2016'. A table follows with the following data:

Date	Contact	Reference	Transaction Type	Total	Status
08 Nov 2016	Business Savings Bank		Receive money	97.05	Completed

At the bottom of the table, it indicates '1 total items'.

Finalising Year End

In Xero there's no need to do a specific year end rollover journal to bring the profit and loss balance back to nil ready to start the new financial year. In Xero, the date entered under **Settings > General Settings > Financial Settings > Financial Year End** is what is used for the system to reset the Profit and Loss accounts to commence a new financial year.

The most important thing to do in Xero to finalise your year end is to use the lock dates to prevent any changes to transactions in a period that you have completed.

EXERCISE 13.9

In this exercise, you will update the hard lock for the Demo Company to stop all users making changes on and before 30 June 2017. Refer to the earlier section in this module for instructions on updating lock dates.

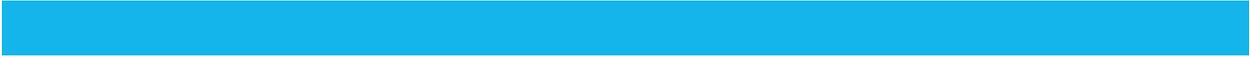
1. Update the lock dates to 30 June 2017
2. Confirm that the Profit and Loss accounts have been reset by generating a Profit and Loss report for the year 1 July 2017 to 30 June 2018.

This is all you need to do to rollover in Xero!

 **Important:** Don't forget to lock period and year end.

Check your progress

Skills	Complete
Apply lock dates	
Run and publish a GST Reconciliation report for the Demo Company	
Run year end reconciliation reports	
Use Manual Journals to post year end adjustments	
Use Find & Recode to adjust or correct transactions	



14. Assessment

This assessment module is a **suggested** assessment piece for trainers to use with students in order to assess and provide feedback on student progress. Your training organisation may require you to complete alternative and/or additional assessment depending on the requirements of the course you are enrolled in, please check with your trainer if you are unsure of the assessment requirements.

Where this workbook is being used as a tool to deliver a recognised qualification, the onus of responsibility for ensuring that assessment tools and evidence are mapped to the unit of competency and performance criteria remains solely with Registered Training Organisations delivering this course. Xero is not a Registered Training Organisation and takes no responsibility for ensuring that tools meet validation requirements, assessing learners' competence, marking materials or issuing statements of attainment.

The activities provided in this module have been designed to further enhance the student experience by providing opportunity for students to work with a range of transactions and determine how to enter these by applying the knowledge and skills learned from previous modules.

For trainers, this module is a resource tool that may be integrated into a specific task that provides clear instruction to both trainers and assessors about the assessment task and assessment conditions.

Completing the suggested assessment

You will continue working in the Julie's Flowers organisation. Your assessment portfolio will be made up of the setup process and transactions entered throughout this manual in addition to the steps outlined in this section. In this module you will work through a simple year end process in Xero.

To enable you to self-check your progress so far:

- Print (save to PDF)
 - Profit and Loss Report at 31 August 2016
 - Balance Sheet at 31 August 2016
 - Bank Reconciliation Report at 31 August 2016
- Check your figures against those shown below

Please consult with your trainer if you notice any discrepancies and cannot resolve these. Adjustments for any detected processing errors are required, the ability to fix errors in a file is an important skill for both accountants and bookkeepers. If everything agrees, you are ready to start this section!

Profit and Loss

Julie's Flowers

For the 2 months ended 31 August 2016

JUL-AUG 2016

Trading Income

Sales	930.90
-------	--------

Total Trading Income	930.90
-----------------------------	---------------

Cost of Sales

Cost of Goods Sold	80.00
--------------------	-------

Total Cost of Sales	80.00
----------------------------	--------------

Gross Profit

850.90

Operating Expenses

Insurance	181.82
-----------	--------

Motor Vehicle Expenses	197.27
------------------------	--------

Rent	7,272.72
------	----------

Repairs and Maintenance	59.91
-------------------------	-------

Staff Entertainment	20.00
---------------------	-------

Total Operating Expenses	7,731.72
---------------------------------	-----------------

Net Profit

(6,880.82)

Balance Sheet

Julie's Flowers

As at 31 August 2016

31 AUG 2016

Assets

Bank

Business Savings Account	9,600.00
Total Bank	9,600.00

Current Assets

Accounts Receivable	84.00
Total Current Assets	84.00

Fixed Assets

Office Equipment	5,193.00
Total Fixed Assets	5,193.00

Total Assets	14,877.00
---------------------	------------------

Liabilities

Current Liabilities

Accounts Payable	4,000.00
Accrued Expenses	386.53
Business Bank Account	8,363.20
GST	(1,240.52)
Historical Adjustment	10,600.00
Total Current Liabilities	22,109.21

Total Liabilities	22,109.21
--------------------------	------------------

Net Assets	(7,232.21)
-------------------	-------------------

Equity

Current Year Earnings	(6,880.82)
Retained Earnings	(351.39)
Total Equity	(7,232.21)

Bank Reconciliation Summary

Business Bank Account Julie's Flowers As at 31 August 2016

Date	Description	Reference	Amount
31 Aug 2016	Balance in Xero		(8,363.20)
Plus Un-Reconciled Bank Statement Lines			
14 Jul 2016	Bayside Club		1,000.00
Total Un-Reconciled Statement Lines			1,000.00
31 Aug 2016	Statement Balance		(7,363.20)

Bank Statement

Business Bank Account
Julie's Flowers
From 1 August 2016 to 31 August 2016

Date	Description	Date imported into Xero	Reference	Reconciled	Source	Amount	Balance
1 Aug 2016	Opening Balance						(2,335.00)
2 Aug 2016	BP	18 Apr 2017		Yes	Imported	(62.00)	(2,397.00)
3 Aug 2016	Cash Sales	18 Apr 2017		Yes	Imported	325.00	(2,072.00)
4 Aug 2016	Flower Fridges 4 U	18 Apr 2017		Yes	Imported	(500.00)	(2,572.00)
4 Aug 2016	Quest Hawthorn	18 Apr 2017		Yes	Imported	550.00	(2,022.00)
6 Aug 2016	Elgas Stargas	18 Apr 2017		Yes	Imported	(88.00)	(2,110.00)
15 Aug 2016	Norwex	18 Apr 2017		Yes	Imported	(65.90)	(2,175.90)
15 Aug 2016	Cash Sales	18 Apr 2017		Yes	Imported	25.00	(2,150.90)
20 Aug 2016	Flower Fridges 4 U	18 Apr 2017		Yes	Imported	(5,212.30)	(7,363.20)
	Closing Balance						(7,363.20)

Statement Exceptions

Business Bank Account
Julie's Flowers
From 1 August 2016 to 31 August 2016

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 1 Sep 2016	5:30pm, 1 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	540.00	540.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float 100.00
Cash sales recieved		440.00
		GST collected on sales 40.00

[Hide cash movement breakdown](#)

TAX INVOICE

Date: September 2nd 2016
Invoice #436

Monet's Spirit Garden
1926 Degas Drive, Footscray VIC

ABN: 54121787652

SOLD Julie's Flowers
TO Customer ID [ABC12345]

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
1		mixed wholesale flowers	\$909.09	\$90.91	\$1,000
SUBTOTAL					\$1,000.00
TOTAL					\$1,000.00

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 6 Sep 2016	5:36pm, 6 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	900.00	900.00	0.00

Cash movements for the day

9:50 am	 Admin	Opening float	100.00
Cash sales recieved			800.00
		GST collected on sales	72.73

[Hide cash movement breakdown](#)

VROOM FUEL 

TAX INVOICE
 VROOM FUEL PTY LTD
 6 CYLINDER CIRCUIT
 HAWTHORN
 VIC 3122

A. B. N 88 092 529 765

* CASH SALE R 07/09/2016 10:39

& P:1 H:3 PREMIUM ULP 93

DISC: 0.00 60Lx\$/L1.0333 \$ 62.00
 CASH: 0.00

GST 5.64 TOT \$ 62.00
 TOTAL \$ 62.00

ITEMS 1
 TOTAL INCLUDES G.S.T
 THANK YOU - PLEASE CALL AGAIN

- 7th Sept 2016, J Campbell bought and paid in full \$1700 (GST Inclusive) for wedding flowers and event setup package.

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 7 Sep 2016	5:29pm, 7 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	895.00	895.00	0.00

Cash movements for the day

9:50 am	 Admin	Opening float	100.00
Cash sales recieved			795.00
		GST collected on sales	72.27

[Hide cash movement breakdown](#)

- 8th Sept 2016, Keenan Girls Grammar School ordered and paid in full \$1200 (GST inclusive) for Floral arrangements for the school's spring celebration.

Cancel 6:12 PM 50%

Close Register

Outlet Main Outlet	Register Main Register	Opening Time 9:50am, 8 Sep 2016	Closing Time 5:31pm, 8 Sep 2016
-----------------------	---------------------------	------------------------------------	------------------------------------

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	450.00	450.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float 100.00
---------	-------	--------------------------------

Cash sales recieved	350.00
GST collected on sales	31.82

[Hide cash movement breakdown](#)

TAX INVOICE

Date: September 9th 2016
Invoice #437

Monet's Spirit Garden
1926 Degas Drive, Footscray VIC

ABN: 54121787652

SOLD Julie's Flowers
TO Customer ID [ABC12345]

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
12		Orchid pots	\$10	\$0.91	\$120
24		Succulents	\$5	\$0.45	\$120
6		Peace lillies	\$15	\$1.36	\$90
1		Mixed wholesale flowers	\$92	\$8.36	\$92
SUBTOTAL					\$383.64
GST					\$38.36
TOTAL					\$422.00

- 10th Sept 2016, E Burke paid a deposit of \$500 for her wedding package.

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 10 Sep 2016	5:29pm, 10 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	760.00	760.00	0.00

Cash movements for the day

9:50 am	 Admin	Opening float	100.00
Cash sales recieved			660.00
		GST collected on sales	60.00

[Hide cash movement breakdown](#)

VROOM FUEL 

TAX INVOICE
 VROOM FUEL PTY LTD
 6 CYLINDER CIRCUIT
 HAWTHORN
 VIC 3122

A. B. N 88 092 529 765

* CASH SALE R 13/09/2016 13:15

8 P:1 H:3 PREMIUM ULP 93

DISC: 0.00 57Lx\$/L 1.2807 \$ 73.00
 CASH: 0.00

GST 6.64 TOT \$ 73.00
 TOTAL \$ 73.00

ITEMS 1
 TOTAL INCLUDES G.S.T
 THANK YOU - PLEASE CALL AGAIN

- 13th Sept 2016, order paid in full for delivery to Plots on Kew Funerals \$500 (GST exclusive), paid by T Smith.

The screenshot shows a mobile application interface for closing a register. At the top, there is a 'Cancel' button and the title 'Close Register'. Below this, a summary row shows: Outlet: Main Outlet, Register: Main Register, Opening Time: 9:50am, 13 Sep 2016, and Closing Time: 5:40pm, 13 Sep 2016. A section titled 'Cash Summary' contains a table with three columns: 'Expected (\$)', 'Counted (\$)', and 'Differences (\$)'. The first row shows 'Cash in Till' with an expected amount of 320.00, a counted amount of 320.00, and a difference of 0.00. Below this is a section for 'Cash movements for the day'. It lists an 'Opening float' of 100.00 at 9:50 am, performed by 'Admin'. It also shows 'Cash sales recieved' totaling 220.00, with 'GST collected on sales' of 20.00. A link at the bottom says 'Hide cash movement breakdown'.

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 13 Sep 2016	5:40pm, 13 Sep 2016

Cash Summary			
	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	320.00	320.00	0.00

Cash movements for the day			
9:50 am	Admin	Opening float	100.00
Cash sales recieved			220.00
		GST collected on sales	20.00

- 14th Sept 2016, Radical Arts Centre delivery of floral bouquet \$250 (GST inclusive)
- 15th Sept 2016, the Metro Ballet placed an order for 5 floral bouquets to congratulate Principal dancers and the Artistic Director on closing night of their latest production. Total amount paid \$1100 (GST inclusive).

Cancel Close Register

Outlet Main Outlet	Register Main Register	Opening Time 9:50am, 15 Sep 2016	Closing Time 5:41pm, 15 Sep 2016
-----------------------	---------------------------	-------------------------------------	-------------------------------------

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	880.00	880.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float 100.00
Cash sales recieved		780.00
		GST collected on sales 70.91

[Hide cash movement breakdown](#)

TAX INVOICE

Date: September 16Th 2016
Invoice #439

Monet's Spirit Garden
1926 Degas Drive, Footscray VIC

ABN: 54121787652

SOLD Julie's Flowers
TO Customer ID [ABC12345]

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
3		Orchid pots	\$10	\$0.91	\$30
2		Peace lillies	\$15	\$1.36	\$30
1		Mixed wholesale flowers	\$438	\$39.82	\$438
SUBTOTAL					\$452.73
GST					\$45.27
TOTAL					\$498.00

- 16th Sept 2016, M Huynh paid a deposit of \$500 for her wedding package.

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 16 Sep 2016	5:39pm, 16 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	565.00	565.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float	100.00
Cash sales recieved			465.00
		GST collected on sales	42.27

[Hide cash movement breakdown](#)

- 17th Sept 2016, Suites on Glenferrie paid for their regular order \$220 (GST inclusive) floral arrangement for hotel reception.

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 17 Sep 2016	5:20pm, 17 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	610.00	610.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float	100.00
Cash sales recieved			510.00
		GST collected on sales	46.36

[Hide cash movement breakdown](#)



TAX INVOICE
 VROOM FUEL PTY LTD
 6 CYLINDER CIRCUIT
 HAWTHORN
 VIC 3122

A. B. N 88 092 529 765

* CASH SALE R 20/09/2016 09:46

B P:1 H:3 PREMIUM ULP 93

DISC: 0.00 55Lx\$/L1.1818 \$ 65.00

CASH: 0.00

GST 5.91 TOT \$ 65.00

TOTAL \$ 65.00

ITEMS 1
 TOTAL INCLUDES G.S.T
 THANK YOU - PLEASE CALL AGAIN

TAX INVOICE

Date: September 20th 2016
 Invoice #435

Office Items in a hurry
 422 SpiralBinder Blvd, Kew VIC

ABN: 39022176301

SOLD TO Julie's Flowers
 Customer ID [ABC12345]



PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	LINE TOTAL
2		Sticker label rolls	\$6.50	\$13.00
1		A4 paper ream	\$4.09	\$4.09
1		12 pack ballpoint pens	\$3.00	\$3.00
1		Stapler	\$4.00	\$4.00
2		Whiteboard markers	\$2.50	\$5.00
SUBTOTAL				\$29.09
GST				\$2.91
TOTAL				\$32.00

- 17th Sept 2016, order received for a 50th Birthday Party event setup and floral display \$3300 (GST inclusive). Ordered by R Drury.
- 22nd Sept 2016, \$1100 (GST inclusive) small wedding package order for B Jones, paid today.

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 22 Sep 2016	5:24pm, 22 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	422.00	422.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float	100.00
Cash sales recieved			322.00
		GST collected on sales	29.27

[Hide cash movement breakdown](#)

TAX INVOICE

Date: September 23rd 2016
Invoice #440

Monet's Spirit Garden
1926 Degas Drive, Footscray VIC

ABN: 54121787652



SOLD Julie's Flowers
TO Customer ID [ABC12345]

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
1		Mixed wholesale flowers	\$442.73	\$44.27	\$487.00
SUBTOTAL					\$442.73
GST					\$44.27
TOTAL					\$487.00



TAX INVOICE

23/09/16

Little Sophie's Signs
3 Burmese Street,
Frankston
VIC 3199

BILL TO Julie's Flowers
380 Bank Street
South Melbourne
VIC 3205

SHIP TO Julie's Flowers
380 Bank Street
South Melbourne
VIC 3205

ABN: 08172621774

Shipping Method	Shipping Terms	Delivery Date
Road Freight	FOB	30/09/16

Qty	Description	Job Price	GST	Line total
1	Signage for shop awning	\$1500.00	\$150.00	\$1650.00
Total				\$1650.00

- 23rd Sept 2016, \$220 (GST inclusive) repeating order for Suites on Glenferrie, floral arrangement for hotel reception.

iPad
7:00 PM
50%

Cancel
Close Register

Outlet Main Outlet	Register Main Register	Opening Time 8:30am, 23 Sep 2016	Closing Time 6:30pm, 23 Sep 2016
-----------------------	---------------------------	-------------------------------------	-------------------------------------

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	1,600.00	1,600.00	0.00

Cash movements for the day

8:30 am	Admin	Opening float 100.00
---------	-------	--------------------------------

Cash sales recieved	1,500.00
GST collected on sales	136.36

[Hide cash movement breakdown](#)

- 24th Sept 2016, order finalised for floral display and event setup and \$1700 balance received for wedding package - E Burke.

TAX INVOICE



Date: September 27th 2016
Invoice #442

Monet's Spirit Garden
1926 Degas Drive, Footscray VIC

SOLD Julie's Flowers
TO Customer ID [ABC12345]

ABN: 54121787652

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
1		Mixed wholesale flowers	\$527.27	\$52.73	\$580.00
SUBTOTAL					\$527.27
GST					\$52.73
TOTAL					\$580.00

••••• iPad
5:45 PM
50%

Cancel
Close Register

Outlet Main Outlet	Register Main Register	Opening Time 9:50am, 27 Sep 2016	Closing Time 5:31pm, 27 Sep 2016
-----------------------	---------------------------	-------------------------------------	-------------------------------------

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	490.00	490.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float
		100.00
Cash sales recieved		390.00
		GST collected on sales
		35.45

[Hide cash movement breakdown](#)



TAX INVOICE
 VROOM FUEL PTY LTD
 6 CYLINDER CIRCUIT
 HAWTHORN
 VIC 3122

A. B. N 88 092 529 765

* CASH SALE R 28/09/2016 18:24

B P:1 H:3 PREMIUM ULP 93

DISC: 0.00 62Lx\$/L1.3226 \$ 82.00
 CASH: 0.00

GST 7.45 TOT \$ 82.00

TOTAL \$ 82.00

ITEMS 1
 TOTAL INCLUDES G.S.T
 THANK YOU - PLEASE CALL AGAIN

- 26th Sept 2016, order finalised for Huynh wedding package, floral display and event setup, total package price \$2,500 (GST inclusive).

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 28 Sep 2016	5:44pm, 28 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	380.00	380.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float	100.00
Cash sales recieved			280.00
		GST collected on sales	25.45

[Hide cash movement breakdown](#)

Online searchwords 

Monthly Invoice

Sept 1, 2016 - Sept 29, 2016

WWW HQ
8 Marina View
Asia Square 1 #30-01
Singapore 08576

Services Online SearchWords for Julie's Flowers
Invoice Number 45 - 0014
Invoice Date 29/09/2016

Record of payments recieved

Date	Description	Amount
29/09/2016	Activation Fee	\$0.00
29/09/2016	Advertising services, monthly fee	\$50.00

Total \$50.00

Cancel Close Register

Outlet	Register	Opening Time	Closing Time
Main Outlet	Main Register	9:50am, 29 Sep 2016	6:33pm, 29 Sep 2016

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	744.00	744.00	0.00

Cash movements for the day

9:50 am	 Admin	Opening float	100.00
---------	---	---------------	---------------

Cash sales recieved			644.00
		GST collected on sales	58.55

[Hide cash movement breakdown](#)

TAX INVOICE



Date: September 30th 2016
Invoice #443

Monet Spirit Garden
1926 Degas Drive, Footscray VIC

SOLD Julie's Flowers
TO Customer ID [ABC12345]

ABN: 54121787652

PAYMENT METHOD	NO.	JOB

QTY	ITEM #	DESCRIPTION	UNIT PRICE	GST	LINE TOTAL
1		Mixed wholesale flowers	\$453.64	\$45.36	\$499.00
SUBTOTAL					\$453.64
GST					\$45.36
TOTAL					\$499.00

- 30th Sept 2016, Suites on Glenferrie \$220 regular order.

Cancel Close Register

Outlet Main Outlet	Register Main Register	Opening Time 9:50am, 30 Sep 2016	Closing Time 4:59pm, 30 Sep 2016
------------------------------	----------------------------------	--	--

Cash Summary

	Expected (\$)	Counted (\$)	Differences (\$)
Cash in Till	845.00	845.00	0.00

Cash movements for the day

9:50 am	Admin	Opening float	100.00
Cash sales recieved			745.00
GST collected on sales			67.73

[Hide cash movement breakdown](#)

- 30th Sept 2016, setup an Albert POS system through CDE Bank to cost \$60 per month.
- Accrued electricity expense at 30 Sep is \$250.00, this invoice will be for the September quarter but has not yet arrived, usually Julie receives the invoice during the following month.

- **Import** the bank statement .csv for September 2016.
- **Reconcile** the business bank account for September 2016.
- **Print** (save to PDF) the following reports:
 - Bank Reconciliation Report at 30 September 2016
 - Profit and Loss Report for September 2016 with comparative month for August 2016
 - Balance sheet as at 30 September 2016
 - Journal Report from 1 July 2016 to 30 September 2016
 - Activity Statement for the quarter 1 July 2016 to 30 September 2016
 - Fixed Asset Reconciliation for the quarter 1 July 2016 to 30 September 2016
 - Aged Receivables Detail as at 30 September 2016
 - Aged Payables Detail as at 30 September 2016
 - Inventory Item Summary for the quarter 1 July 2016 to 30 September 2016
 - Account transactions report for all accounts from 1 July 2016 to 30 September 2016

Note: Where Xero shows an option for a 'New' report, e.g. Balance Sheet or Balance Sheet 'New', please use the new version.

Submit to your trainer all of the saved reports (including the 3 for August 2016).

Respond to Knowledge Questions

Please respond to the following questions and submit to your trainer. If you are typing your responses make sure that you carefully label each question and response so that your trainer can easily mark your assessment.

1. Refer to the Xero help centre to solve the following problems:

a. You noticed that a bank statement line has been deleted and this is corrupting the file, how would you restore a deleted bank statement line?

Help Centre url: _____

b. You accidentally archived a contact that Julie is still purchasing from, how would you restore the contact?

Help Centre url: _____

b. What is the difference between issuing a 'normal invoice' and a 'tax invoice'?

c. If Julie's Flowers was not registered for GST, how would you change the invoice settings in Xero? (you may also refer to the Xero help centre for this question)

7. What is the difference between accounting on a cash basis versus accrual accounting?

8. Match the term with the correct definition

Single ledger	Assets = Liabilities + Owner's Equity
Double entry accounting	All accounting and bookkeeping entries are recorded in the same system. There is no need to transfer data because the system is in the cloud. All users (with varying permission levels) are able to login and work on the same file. All accounting and bookkeeping entries are recorded in the same system. There is no need to transfer data because the system is in the cloud. All users (with varying permission levels) are able to login and work on the same file.
The accounting equation	Every entry to an account requires a balancing, equivalent entry to one or more accounts so that the total Debits (Dr) equal total Credits (Cr)
Accrual accounting	The practice of recognising income and expenses in the period incurred, not when the cash is physically received or paid.

9. Consider the features of Xero as a computerised accounting system and the organisational procedures you have used to account for all of the transactions for Julie's Flowers. Use the following Record keeping evaluation tool to identify the features used <https://www.ato.gov.au/calculators-and-tools/record-keeping-evaluation/> Print (save to pdf) the Evaluation Report and submit this to your trainer.

10. Select 2 of the key features you identified in question 9 and describe how using a computerised accounting system creates efficiencies for the business through the use of these features.

11. Explain why businesses might choose to adopt a policy about setting different user permissions in a computerised accounting system. Include an example in your response. You can refer to the Xero help centre if required https://help.xero.com/au/Settings_UsersRoles

12. The following are legislated, key requirements of a computerised accounting system, explain these in your own words with reference to how Xero meets these requirements:
- A.** System manual which explains:
- a. The operation of the various components of the system;
 - b. The controls built in the system; and
 - c. The flow of data from input to output

- B.** Audit trails or logs of records added, deleted and amended which relate to the accounting system.

13. Refer to the Corporations Act (Cth) 2001, under this act, all proprietary companies are required to keep computerised financial records? **True / False**

Assessment Portfolio Checklist

Submit the following items to your trainer

	✓
Profit and Loss Report Report at 31 August 2016	
Balance Sheet at 31 August 2016	
Bank Reconciliation Report at 31 August 2016	
Bank Reconciliation Report at 30 September 2016	
Profit and Loss Report for September 2016 with comparative month for August 2016	
Balance sheet as at 30 September 2016	
Journal Report from 1 July 2016 to 30 September 2016	
Activity Statement for the quarter 1 July 2016 to 30 September 2016	
Fixed Asset Reconciliation for the quarter 1 July 2016 to 30 September 2016	
Aged Receivables Detail as at 30 September 2016	
Aged Payables Detail as at 30 September 2016	
Inventory Item Summary for the quarter 1 July 2016 to 30 September 2016	
Account transactions report for all accounts from 1 July 2016 to 30 September 2016	
Question responses 1 - 13	
Record keeping evaluation report (in relation to question 9)	



Beautiful accounting software