



KT Associates  
Accountants and Financial Consultants

# Xero Training Manual

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2018



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## Purpose

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The purpose of this training manual is to provide business owners and administration staff with knowledge of how to use Xero for the daily administration activities of their business. It is not intended to provide guidance for lodgement of reports with the ATO. We recommend that you seek professional advice before lodging reports with the ATO.



# 1. The Dashboard





# 1. The Dashboard

The dashboard is your home page where you can view basic information about your business at a glance.

On the left hand side of the dashboard are bank accounts that you have linked with Xero. There is no limit to the amount of bank accounts that you can have linked with Xero. Depending on who you bank with, these bank accounts can be set up with bank feeds to make reconciling easier for you.

On the right hand side you can keep an eye on chosen accounts with the Accounts Watchlist, as well as keeping track of your bills and invoices.

**Business Bank Account**  
306-234-12345678 bankwest Manage

Reconcile 28 items

Balance in Xero: (2,151.58)  
Statement balance (13 Jan): 4,242.62

**Business Savings Account**  
306-234-12345679 bankwest Manage

Reconciled

Statement balance (14 Jan): (51.72)

**Account watchlist**

| Account                         | This month | YTD       |
|---------------------------------|------------|-----------|
| 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**

New sales invoice

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

**Total cash in and out**

**Bills you need to pay**

New bill

|                     |          |
|---------------------|----------|
| 1 Draft bills       | 115.20   |
| 11 Awaiting payment | 8,507.78 |
| 4 Overdue           | 2,326.29 |



## 2. The Bank



## 2. The Bank

To view transactions recorded in your Xero bank, select the bank you want to look at from your dashboard.

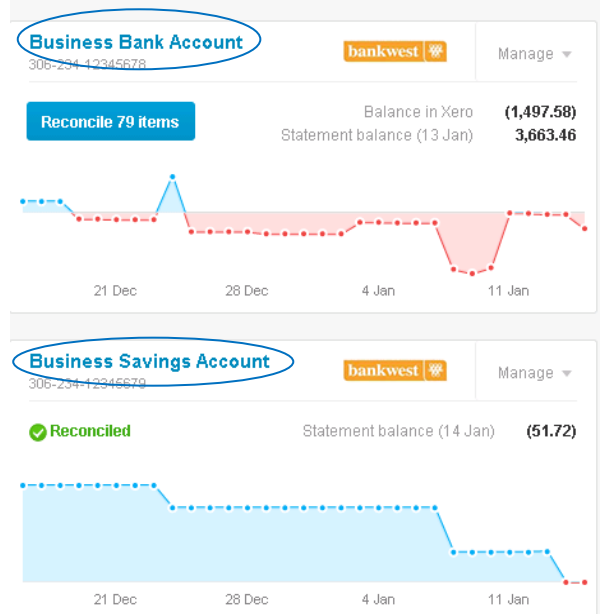
Xero will then take you to your account transactions.

You will be able to search all the transactions that have been entered in Xero either manually or during the reconciliation process.

You will also be able to see whether the transaction has been reconciled or not.

*Hint: if you want to view a transaction in more detail without moving away from the current screen view, right click on the transaction you want to view and select "open link in new tab".*

### Demo Company (AU)



### Business Bank Account 306-234-12345678

bankwest **3,663.46** **(1,497.58)** 13 Jan 2015 Manage Account  
Statement Balance Balance in Xero Reconciliation Report

what's this?

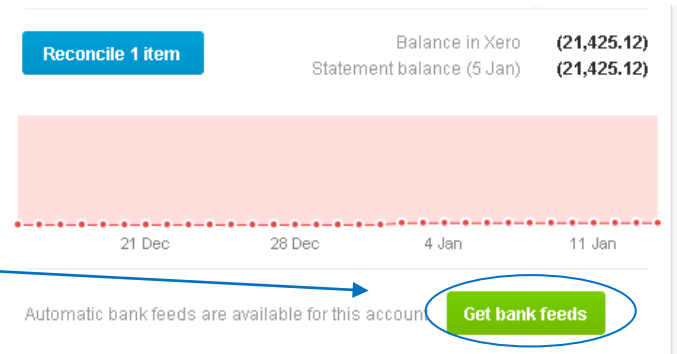
Reconcile (79) Cash Coding Bank statements **Account transactions**

+ New Transaction

| <input type="checkbox"/> | Date        | Description                              | Reference | Spent    | Received | Status       |
|--------------------------|-------------|--|-----------|----------|----------|--------------|
| <input type="checkbox"/> | 15 Jan 2015 | Officeworks                              |           | 1,346.00 |          | Unreconciled |
| <input type="checkbox"/> | 13 Jan 2015 | Dick Smith                               | Cr        |          | 39.50    | Reconciled   |
| <input type="checkbox"/> | 13 Jan 2015 | Payment: Xero                            |           | 53.90    |          | Reconciled   |
| <input type="checkbox"/> | 13 Jan 2015 | Payment: Swanston Security               |           | 75.90    |          | Reconciled   |
| <input type="checkbox"/> | 12 Jan 2015 | Dick Smith                               |           | 39.50    |          | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Melrose Parking                          | AP        | 148.50   |          | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Payment: Hamilton Smith Pty              |           |          | 550.00   | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Payment: DIISR - Small Business Services |           |          | 3,850.00 | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Payment: DIISR - Small Business Services | Part 1    |          | 2,145.00 | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Payment: Central Copiers                 |           | 900.00   |          | Reconciled   |
| <input type="checkbox"/> | 11 Jan 2015 | Payment: PowerDirect                     |           | 331.10   |          | Reconciled   |

## 2.1 Setting Up Bank Feeds & Importing Bank Statements

One of the key features of Xero is its bank feeds. They import transactions from your bank account into Xero (usually daily) so that you can reconcile your Xero account without having to wait for paper statements from the bank. If your bank has an agreement with Xero to provide bank feeds, you can activate those feeds by clicking "Get Bank Feeds".



Each bank will have a different process for activating bank feeds so you will need to follow the prompts given by Xero.

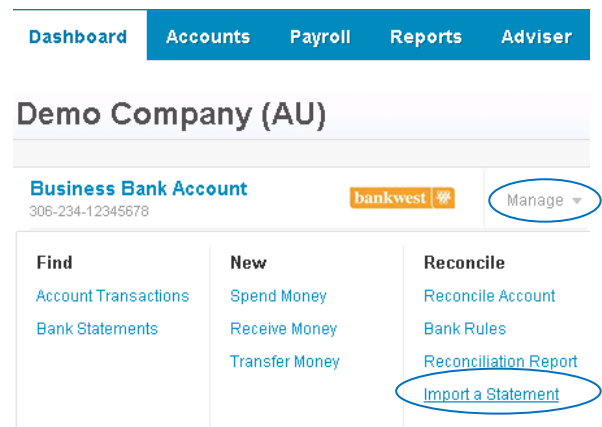
If your bank account does not support Xero bank feeds, you will need to import your bank transaction into Xero each time you reconcile your Xero account. This requires you to first export the transactions from your bank.

### Exporting Bank transactions:

1. Log in to your bank account and view the transactions on your business bank account.
2. Search/filter transactions to show only the date range that you want to import into Xero (check the date of the last transaction in Xero to be sure that you do not miss or duplicate transaction).
3. Export those transactions from you bank account as an Excel(CSV) file.

### Importing Transactions Into Xero:

1. From the Dashboard, select "Manage" in the top right hand corner of your bank account, then select "Import A Statement"
2. Select "Browse" to search for the Excel file in your documents, then "Import" the file.



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  
The most recent transaction imported was:
 

|                         | Spent | Received |
|-------------------------|-------|----------|
| 13 Jan 2015<br>7-Eleven | 15.50 |          |
3. Upload the bank statement file here...
 

[Browse](#) 2014 Sep 28 - Oct 25.csv

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

### File formats you can import

| Format            | Find out more            |
|-------------------|--------------------------|
| OFX (recommended) | <a href="#">OFX help</a> |
| QIF               | <a href="#">QIF help</a> |
| CSV               | <a href="#">CSV help</a> |

[Download our CSV template](#) to create your own bank statement file.  
Import a maximum of 1000 bank statement lines at a time.

3. You will then need to tell Xero how it should treat each column of the Excel file
  - i. "Transaction Date" and "Transaction Amount" should already be assigned.
  - ii. The third drop down box will need to be changed to "Description"
  - iii. Leave the fourth dropdown box as "Unassigned" as this is the balance of the bank account which Xero calculates automatically
  - iv. **Note the tick box in the bottom left corner, and check your Excel file to see if this box needs to be unticked**
4. Click "Save" and Xero will take you to the reconciliation screen

Statement lines imported from your file...

| Statement data...  |   | Assign to...       |
|--------------------|---|--------------------|
| 25/10/2014         | 24/10/2014  | Transaction Date   |
| -8.67              | -3.99   | Transaction Amount |
| WOOLWORTHS W339... | ALDI 71 CAROLINE SPRI VI AUS Card xx2466 Value Date: 21/10/2014 | Description        |
| 2882.96            | 2891.63   | Unassigned         |

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

Save Cancel

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

|                      |   |
|----------------------|---|
| ✓ Transaction Date   | 24 Oct 2014   |
| ✓ Transaction Amount | -3.99   |
| ⚠ Payee              | Unassigned  |
| ✓ Description        | ALDI 71 CAROLINE SPRI VI AUS Card xx2466 Value Date: 21/10/2014 |
| ⚠ Reference          | Unassigned  |
| ⚠ Transaction Type   | Unassigned  |
| ⚠ Cheque No.         | Unassigned  |
| ⚠ Account Code       | Unassigned  |
| ⚠ Tax Type           | Unassigned  |
| ⚠ Analysis Code      | Unassigned  |
| ⚠ Region             | Unassigned  |

Statement line as it will appear in Xero...

|                                      |       |      |
|--------------------------------------|-------|------|
| 24 Oct 2014                          | Debit | 3.99 |
| ALDI 71 CAROLINE SPRI VI AUS Card x: |       |      |

*Xero will show you a preview of how the transaction will appear on the reconciliation page*

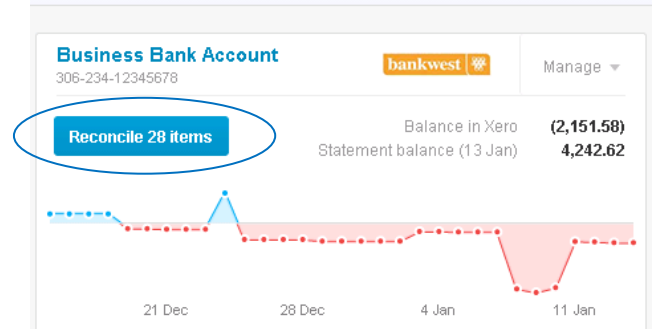
## 2.2 Reconciling Your Bank

To reconcile your bank accounts, click the “Reconcile” button which will take you to the reconciliation screen.

Down the left hand side of the reconciliation screen are transactions that have been imported from your bank account. Down the right hand side of the screen are your transactions in Xero.

Reconciling means matching the transactions you have recorded in Xero with the transactions in your bank account. This is done to create accurate financial reports and BAS by ensuring that transactions in Xero have not been missed or duplicated, which could under or overestimate Xero reports.

### Demo Company (AU)



Navigation bar: Dashboard | Accounts | Payroll | Reports | Adviser | Contacts | Settings. User: Sonya Morton.

Bank Accounts > **Business Bank Account** 306-234-12345678

bankwest **4,242.62** Statement Balance | **(2,151.58)** Balance in Xero | 13 Jan 2015 Reconciliation Report | Manage Account

What's this? [Reconcile \(28\)](#) | [Cash Coding](#) | [Bank statements](#) | [Account transactions](#)

Review your bank statement lines... | ...then match with your transactions in Xero

| Spent   | Received | Match    | Create   | Transfer | Discuss | Find & Match |  |  |  |   |
|---|----------|----------|--|----------|---------|--------------|--|--|--|---|
| <table border="1"> <tr> <th>Spent</th> <th>Received</th> </tr> <tr> <td>7 Jan 2015<br/>Ridgeway University<br/>ORC01025<br/>More</td> <td>6,187.50</td> </tr> </table>        | Spent    | Received | 7 Jan 2015<br>Ridgeway University<br>ORC01025<br>More        | 6,187.50 |         | OK           | 03 Jan 2015<br>Ridgeway University<br>Ref: ORC01025  |  |  | 6,187.50  |
| Spent   | Received |          |  |          |         |              |  |  |  |   |
| 7 Jan 2015<br>Ridgeway University<br>ORC01025<br>More   | 6,187.50 |          |  |          |         |              |  |  |  |   |
| <table border="1"> <tr> <th>Spent</th> <th>Received</th> </tr> <tr> <td>7 Jan 2015<br/>Truxton Property Management<br/>Rent<br/>More</td> <td>1,181.25</td> </tr> </table>    | Spent    | Received | 7 Jan 2015<br>Truxton Property Management<br>Rent<br>More    | 1,181.25 |         | OK           | 08 Jan 2015<br>Payment: Truxton Property<br>Management   |  |  | 1,181.25  |
| Spent   | Received |          |  |          |         |              |  |  |  |   |
| 7 Jan 2015<br>Truxton Property Management<br>Rent<br>More   | 1,181.25 |          |  |          |         |              |  |  |  |   |
| <table border="1"> <tr> <th>Spent</th> <th>Received</th> </tr> <tr> <td>8 Jan 2015<br/>SMART Agency<br/>70135 70209<br/>More</td> <td>4,500.00</td> </tr> </table>            | Spent    | Received | 8 Jan 2015<br>SMART Agency<br>70135 70209<br>More            | 4,500.00 |         | OK           | Who: SMART Agency<br>What: 433 - Insurance<br>Why: Business Insurance<br>Region: GST on Expenses<br>Add details              |  |  |   |
| Spent   | Received |          |  |          |         |              |  |  |  |   |
| 8 Jan 2015<br>SMART Agency<br>70135 70209<br>More   | 4,500.00 |          |  |          |         |              |  |  |  |   |
| <table border="1"> <tr> <th>Spent</th> <th>Received</th> </tr> <tr> <td>8 Jan 2015<br/>City Limousines<br/>1002-Part<br/>More</td> <td>100.00</td> </tr> </table>             | Spent    | Received | 8 Jan 2015<br>City Limousines<br>1002-Part<br>More           | 100.00   |         |              | Discuss *  |  |  | This is for an old invoice, I wasn't sure where to code it.<br>Ctrl+S at any time to save |
| Spent   | Received |          |  |          |         |              |  |  |  |   |
| 8 Jan 2015<br>City Limousines<br>1002-Part<br>More  | 100.00   |          |  |          |         |              |  |  |  |   |
| <table border="1"> <tr> <th>Spent</th> <th>Received</th> </tr> <tr> <td>8 Jan 2015<br/>Jakaranda Maple Systems<br/>DEPOSIT ADV<br/>More</td> <td>2,000.00</td> </tr> </table> | Spent    | Received | 8 Jan 2015<br>Jakaranda Maple Systems<br>DEPOSIT ADV<br>More | 2,000.00 |         |              | Who: Name of the contact...<br>What: Choose the account...<br>Why: Enter a description...<br>Region: Tax Rate<br>Add details |  |  |   |
| Spent   | Received |          |  |          |         |              |  |  |  |   |
| 8 Jan 2015<br>Jakaranda Maple Systems<br>DEPOSIT ADV<br>More  | 2,000.00 |          |  |          |         |              |  |  |  |   |



## 2.2.1 Matching Transactions

Green transactions mean that you have already manually entered the transaction in Xero as a spend/receive money or bill/invoice, and Xero is suggesting that the transaction matches the transaction in the bank account. If you agree that the transactions match, simply click “OK” to reconcile.

Xero will also prompt you if there are other possible matches.

The following screen will appear where you can view the other possible matches and select the bill or invoice that you would like to reconcile.

**1. Find & select matching transactions**

| Date       | Name                    | Ref/Number | Spent | Received     |
|------------|-------------------------|------------|-------|--------------|
| 1 Jan 2015 | Jakaranda Maple Systems | ORC1041    |       | 2,000.00 AUD |
| 1 Jan 2015 | Jakaranda Maple Systems | ORC1040    |       | 2,000.00 AUD |

**Match options**

Search by name or ref/num

Search by amount  
 2,000.00

Clear search

Show Spent Items  
 Show AUD items only

**2. View your selected transactions. Add new transactions, as needed.**

No transactions have been selected

**3. The sum of your selected transactions must match the money received. Make adjustments, as needed.**

No transactions selected

Must match: Money Received **2,000.00 AUD**      0.00 AUD ⚠ Total is out by: 2,000.00

### 2.2.1.1 Matching Multiple Bills/Invoices To A Single Bank Transaction2

If for example, a supplier paid two invoices with one transaction, Xero would not be able to match the transaction to an invoice. Xero would show a blank Create Transaction screen.

|  |            |       |  |                 |
|--|------------|-------|--|-----------------|
| <input type="checkbox"/>               | 8 Jan 2015 | other |  | <b>2,000.00</b> |
| Jakaranda Maple Systems<br>DEPOSIT ADV |            |       |  |                 |
| <a href="#">More</a>                   |            |       |  |                 |

Match Create Transfer Discuss Find & Match

Who Name of the contact... What Choose the account...

Why Enter a description...

Region Tax Rate Add details

You will need to manually find and select the invoices that are being paid.

|  |            |       |  |                 |
|--|------------|-------|--|-----------------|
| <input type="checkbox"/>               | 8 Jan 2015 | other |  | <b>2,000.00</b> |
| Jakaranda Maple Systems<br>DEPOSIT ADV |            |       |  |                 |
| <a href="#">More</a>                   |            |       |  |                 |

Create rule

**1. Find & select matching transactions**

| Date   | Name        | Ref/Number                      | Spent    | Received             |
|--|-------------|---------------------------------|----------|----------------------|
| <input type="checkbox"/>                         | 23 Oct 2014 | City Limousines                 | ORC1002  | 250.00 AUD           |
| <input type="checkbox"/>                         | 12 Nov 2014 | City Limousines                 | ORC1012  | 660.00 AUD           |
| <input type="checkbox"/>                         | 29 Dec 2014 | DIISR - Small Business Services | ORC1033  | 3,850.00 AUD         |
| <input checked="" type="checkbox"/>              | 1 Jan 2015  | Jakaranda Maple Systems         | ORC1041  | 1,500.00 AUD         |
| <input checked="" type="checkbox"/>              | 1 Jan 2015  | Jakaranda Maple Systems         | ORC1040  | 500.00 AUD           |
| <input type="checkbox"/>                         | 3 Jan 2015  | Ridgeway University             | ORC01025 | 6,187.50 AUD         |
| <input type="checkbox"/> Select all on this page |             |                                 |          | Showing 1 - 11 of 11 |

**Match options**

Search by name or ref/num

Search by amount

Clear search

Show Spent Items

Show AUD items only

**2. View your selected transactions. Add new transactions, as needed.**

|                                     |            |                         |         |              |
|-------------------------------------|------------|-------------------------|---------|--------------|
| <input checked="" type="checkbox"/> | 1 Jan 2015 | Jakaranda Maple Systems | ORC1041 | 1,500.00 AUD |
| <input checked="" type="checkbox"/> | 1 Jan 2015 | Jakaranda Maple Systems | ORC1040 | 500.00 AUD   |

**3. The sum of the money received. Make adjustments, as needed.**

|                      |                     |  |
|----------------------|---------------------|--|
| <b>Subtotal</b>      | <b>2,000.00 AUD</b> | <input type="button" value="+ Adjustments"/> |
| <b>Must match: M</b> | <b>2,000.00 AUD</b> |  |

*You may use these fields to help you search for invoices and bills.*

### 2.2.1.2 Matching Over/Under Payments

If a supplier has underpaid an invoice, Xero will not be able to match the payment to the correct invoice. You will need to select the “Find & Match” button as previously discussed. You can then split the invoice so that it will be partially paid.

The screenshot shows the Xero interface for finding and matching transactions. A modal dialog titled "Split transaction" is open, allowing a user to split a payment. The dialog shows a balance of AUD 2,750.00 and a part payment of 2000.00, leaving a remaining amount of AUD 750.00. In the background, a table lists transactions with a "Split" button next to the selected entry for "Jakaranda Maple Systems" on 1 Jan 2015. A blue callout bubble contains the instruction: "Select the invoice being paid and 'Split' the transaction to partially pay the invoice."

| Date                                | Name  | Spent    | Received     |
|-------------------------------------|---|----------|--------------|
| <input type="checkbox"/>            | 23 Oct 2014 City Limousines                 | ORC1002  | 250.00 AUD   |
| <input type="checkbox"/>            | 12 Nov 2014 City Limousines                 | ORC1012  | 660.00 AUD   |
| <input type="checkbox"/>            | 29 Dec 2014 DIISR - Small Business Services | ORC1033  | 3,850.00 AUD |
| <input checked="" type="checkbox"/> | 1 Jan 2015 Jakaranda Maple Systems          | ORC1041  | 2,750.00 AUD |
| <input type="checkbox"/>            | 1 Jan 2015 Jakaranda Maple Systems          | ORC1040  | 500.00 AUD   |
| <input type="checkbox"/>            | 3 Jan 2015 Ridgeway University              | ORC01025 | 6,187.50 AUD |

If an invoice has been overpaid, you'll need to create a credit note for the overpayment.

Match Discuss

Find & select matching transactions below

Create rule

8 Jan 2015 other 2,000.00  
Jakaranda Maple Systems  
DEPOSIT ADV  
More

### 1. Find & select matching transactions ?

| Date   | Name                            | Ref/Number | Spent | Received             |
|--|---------------------------------|------------|-------|----------------------|
| <input type="checkbox"/> 23 Oct 2014             | City Limousines                 | ORC1002    |       | 250.00 AUD           |
| <input type="checkbox"/> 12 Nov 2014             | City Limousines                 | ORC1012    |       | 660.00 AUD           |
| <input type="checkbox"/> 29 Dec 2014             | DIISR - Small Business Services | ORC1033    |       | 3,850.00 AUD         |
| <input type="checkbox"/> 1 Jan 2015              | Jakaranda Maple Systems         | ORC1041    |       | 2,750.00 AUD         |
| <input checked="" type="checkbox"/> 1 Jan 2015   | Jakaranda Maple Systems         | ORC1040    | Split | 500.00 AUD           |
| <input type="checkbox"/> 3 Jan 2015              | Ridgeway University             | ORC01025   |       | 6,187.50 AUD         |
| <input type="checkbox"/> Select all on this page |                                 |            |       | Showing 1 - 11 of 11 |

Match options

Search by name or ref/num

Search by amount

Clear search

Show Spent Items

Show AUD items only

### 2. View your selected transactions. Add new transactions, as needed.

|  |                         |         |            |
|--|-------------------------|---------|------------|
| <input checked="" type="checkbox"/> 1 Jan 2015 | Jakaranda Maple Systems | ORC1040 | 500.00 AUD |
|--|-------------------------|---------|------------|

Create new transaction

+ New...

Receive Money

Transfer Money

### 3. Transactions must match the money received. Make adjustments, as needed.

|            |                                  |
|------------|----------------------------------|
| 500.00 AUD | + Adjustments                    |
| 500.00 AUD | <b>Total is out by: 1,500.00</b> |

Reconcile Cancel

Select the invoice that is being paid, then select "New" -> "Receive Money"

You will need to create a credit note for the amount that was overpaid.

8 Jan 2015 other 2,000.00  
 Jakaranda Maple Systems  
 DEPOSIT ADV  
 More

Match Discuss  
 Find & select matching transactions below

1. Find & select matching transactions- 1 transaction selected totalling 500.00 AUD

2. View your selected transactions. Add new transactions, as needed. ?

Received as Direct Payment

From Jakaranda Maple Syst Reference Total 1500

Direct Payment  
 Prepayment  
 Overpayment

AUD Australian Dollar Amounts are Tax Inclusive

| Item | Description | Qty  | Unit Price | Account | Tax Rate | Region | Amount AUD   |                 |
|------|-------------|------|------------|---------|----------|--------|--------------|-----------------|
|      | DEPOSIT ADV | 1.00 | 1,500.00   |         |          |        | 1,500.00     |                 |
|      |             |      |            |         |          |        | Subtotal     | 1,500.00        |
|      |             |      |            |         |          |        | GST          | 0.00            |
|      |             |      |            |         |          |        | <b>TOTAL</b> | <b>1,500.00</b> |

Add a new line

Save Transaction Cancel

3. The sum of your selected transactions must match the money received - Received 2,000.00 AUD - Total is out by 1,500.00

When the Receive Money screen opens, select "Direct Payment" -> "Overpayment"

Ensure the contact is correct, write a description if you wish to, and save the transaction.

8 Jan 2015 other 2,000.00  
 Jakaranda Maple Systems  
 DEPOSIT ADV  
 More

Match Discuss  
 Find & select matching transactions below

1. Find & select matching transactions- 1 transaction selected totalling 500.00 AUD

2. View your selected transactions. Add new transactions, as needed. ?

Received as Overpayment

From Jakaranda Maple Systems Date 8 Jan 2015 Reference Total 1500

Currency AUD Australian Dollar

| Description | Amount   | Account                   | Tax Rate     | Region | Amount AUD   |                 |
|-------------|----------|---------------------------|--------------|--------|--------------|-----------------|
| DEPOSIT ADV | 1,500.00 | 610 - Accounts Receivable | BAS Excluded |        | 1,500.00     |                 |
|             |          |                           |              |        | Subtotal     | 1,500.00        |
|             |          |                           |              |        | <b>TOTAL</b> | <b>1,500.00</b> |

Save Transaction Cancel

### 2.2.1.3 Applying Credit Notes

Once you have a credit note created for a contact, you can allocate that credit note to their next invoice.

Go to your invoices awaiting payment and search by the relevant contact. You will see both the credit note and any unpaid invoices. You can offset these against each other by either selecting the credit note or selecting the invoice.

The screenshot shows the Xero 'Invoices' page for 'Demo Company (AU)'. The user 'Sonya Morton' is logged in. The navigation bar includes 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. The 'Invoices' section has buttons for '+ New Invoice', '+ New Credit Note', 'Send Statements', 'Import', and 'Export'. Filter tabs show 'All', 'Draft (4)', 'Awaiting Approval (1)', 'Awaiting Payment (12)', 'Paid', and 'Repeating'. The search bar contains 'jakaranda' and is circled in blue. Below the search bar are 'Print', 'Email', and 'Deposit' buttons. A table of invoices is displayed with columns: Number, Ref, To, Date, Due Date, Expected Date, Paid, Due, and Sent. Two rows are visible, both for 'Jakaranda Maple Systems', with the 'To' column circled in blue.

| Number  | Ref | To                      | Date       | Due Date    | Expected Date | Paid | Due        | Sent |
|---------|-----|-------------------------|------------|-------------|---------------|------|------------|------|
|         |     | Jakaranda Maple Systems | 8 Jan 2015 |             |               | 0.00 | (1,500.00) |      |
| ORC1041 |     | Jakaranda Maple Systems | 1 Jan 2015 | 14 Jan 2015 |               | 0.00 | 2,750.00   |      |

#### Option A: Select the credit note

The screenshot shows the 'Awaiting Payment' screen for an invoice. The 'To' field is 'Jakaranda Maple Systems' and the 'Date' is '8 Jan 2015'. The 'Paid into' field is 'Business Bank Account'. A blue arrow points from the 'Overpayment Options' dropdown menu to the 'Allocate Credit' option. A blue oval highlights the text: 'Then select "Overpayment Options" -> "Allocate Credit Note"'. Below the dropdown is a table of amounts with columns: Description, Amount, Account, Tax Rate, Region, and Amount AUD. The table shows a 'DEPOSIT ADV' for 1,500.00. The subtotal is 1,500.00, and the total credit is 1,500.00.

| Description         | Amount   | Account             | Tax Rate     | Region | Amount AUD      |
|---------------------|----------|---------------------|--------------|--------|-----------------|
| DEPOSIT ADV         | 1,500.00 | Accounts Receivable | BAS Excluded |        | 1,500.00        |
| Subtotal            |          |                     |              |        | 1,500.00        |
| Total No GST        |          |                     |              |        | 0.00            |
| <b>Total Credit</b> |          |                     |              |        | <b>1,500.00</b> |

Type the amount you want to allocate to the relevant invoice, then click "Allocate Credit"

### Allocate balance on Overpayment

| Invoice | Date       | Invoiced | Amount Due | Amount to Credit                     |
|---------|------------|----------|------------|--------------------------------------|
| ORC1041 | 1 Jan 2015 | 2,750.00 | 2,750.00   | <input type="text" value="1500.00"/> |

Cash refund

|                            |             |
|----------------------------|-------------|
| Outstanding Credit Balance | 1,500.00    |
| Total Amount to Credit     | 1,500.00    |
| <b>Remaining Credit</b>    | <b>0.00</b> |

**Option B: Select the invoice**

### Awaiting Payment

[Email](#) [Print PDF](#) [Invoice Options](#)

**To** Jakaranda Maple Systems **Date** 1 Jan 2015 **Due Date** 14 Jan 2015 **Invoice #** ORC1041 **Branding theme** Standard **Total** 2,750.00

No address  
[Add address](#)

Amounts are **Tax Exclusive**

| Item Code     | Description       | Quantity | Unit Price | Disc % | Account | Tax Rate      | Region | Amount AUD      |
|---------------|-------------------|----------|------------|--------|---------|---------------|--------|-----------------|
|               | Installation fees | 1.00     | 2,500.00   |        | Sales   | GST on Income |        | 2,500.00        |
| Subtotal      |                   |          |            |        |         |               |        | 2,500.00        |
| Total GST 10% |                   |          |            |        |         |               |        | 250.00          |
| <b>TOTAL</b>  |                   |          |            |        |         |               |        | <b>2,750.00</b> |

Jakaranda Maple Systems has 1,500.00 in outstanding credit. [Credit this invoice](#)

Credit the invoice.

Type the amount you want to credit from the relevant credit note, then click "Allocate Credit"

### Allocate outstanding credit to Invoice ORC1041

| Credit      | Date       | Outstanding Credit | Amount to Credit                     |
|-------------|------------|--------------------|--------------------------------------|
| Overpayment | 8 Jan 2015 | 1,500.00           | <input type="text" value="1500.00"/> |

|                                 |                 |
|---------------------------------|-----------------|
| Amount Due on Invoice           | 2,750.00        |
| Total Amount to Credit          | 1,500.00        |
| <b>Remaining Due on Invoice</b> | <b>1,250.00</b> |

## 2.2.2 Creating Transactions

If you have not already created the transaction in Xero, you can create and reconcile the transaction

|                             |                             |       |                 |
|-----------------------------|-----------------------------|-------|-----------------|
| <a href="#">Create rule</a> |                             |       |                 |
| <input type="checkbox"/>    | 8 Jan 2015                  | debit | <b>4,500.00</b> |
|                             | SMART Agency<br>70135 70209 |       |                 |
|                             | <a href="#">More</a>        |       |                 |

OK

|        |                    |                 |                 |                                  |
|--------|--------------------|-----------------|-----------------|----------------------------------|
| Match  | <b>Create</b>      | Transfer        | Discuss         | <a href="#">Find &amp; Match</a> |
| Who    | SMART Agency       | What            | 433 - Insurance |                                  |
| Why    | Business Insurance |                 |                 |                                  |
| Region |                    | GST on Expenses |                 | <a href="#">Add details</a>      |

from the reconciliation screen.

**Who:** The business or person you are paying/receiving from

**What:** The account from the chart of accounts that you would like to allocate the transaction to

**Why:** (optional) A description of what the transaction was for

To allocate a transaction to more than one account, click "Add Details". This opens up a spend/receive money screen.

|                             |                             |       |                 |
|-----------------------------|-----------------------------|-------|-----------------|
| <a href="#">Create rule</a> |                             |       |                 |
| <input type="checkbox"/>    | 8 Jan 2015                  | debit | <b>4,500.00</b> |
|                             | SMART Agency<br>70135 70209 |       |                 |
|                             | <a href="#">More</a>        |       |                 |

Match Discuss

Find & select matching transactions below

---

**1. Find & select matching transactions - 0 transactions selected**

**2. View your selected transactions. Add new transactions, as needed. ?**

**Spent as** Direct Payment [📄](#)

| To | Date       | Reference | Total    |
|----|------------|-----------|----------|
|    | 8 Jan 2015 |           | 4,500.00 |

**AUD Australian Dollar** Amounts are Tax Inclusive

| Item | Description        | Qty  | Unit Price | Account                | Tax Rate        | Region | Amount AUD          |                 |
|------|--------------------|------|------------|------------------------|-----------------|--------|---------------------|-----------------|
|      | Business Insurance | 1.00 | 3,500.00   | 433 - Insurance        | GST on Expenses |        | 3,500.00            |                 |
|      | Personal Insurance | 1.00 | 1,000.00   | 880 - Owner A Drawings | BAS Excluded    |        | 1,000.00            |                 |
|      |                    |      |            |                        |                 |        | <b>Subtotal</b>     | 4,500.00        |
|      |                    |      |            |                        |                 |        | Includes GST 10.00% | 318.18          |
|      |                    |      |            |                        |                 |        | <b>TOTAL</b>        | <b>4,500.00</b> |

[Add a new line](#)

Save Transaction
Cancel

*For example, a transaction that is partly business and partly personal can be apportioned accordingly and allocated to the relevant business account and your personal drawings account.*

---

**3. Total money spent - Spent 4,500.00 AUD - Total is out by 4,500.00**



### 2.2.3 Transferring Money

If you are transferring money from one bank account to another, simply select the corresponding bank account.

|                          |  |                | Create rule     |
|--------------------------|--|----------------|-----------------|
| <input type="checkbox"/> | 9 Jan 2015<br>e-Bank dep<br><a href="#">More</a> | direct deposit | <b>1,000.00</b> |

OK

Match Create **Transfer** Discuss Find & Match

Select a bank account Reference

Business Savings Account

### 2.2.4 Discussing Transactions

If you are unsure of what to do with the transaction, you can leave a comment for your adviser.

|                          |  |       | Create rule   |
|--------------------------|--|-------|---------------|
| <input type="checkbox"/> | 8 Jan 2015<br>City Limousines<br>1002-Part<br><a href="#">More</a> | other | <b>100.00</b> |

Match Create Transfer **Discuss \*** Find & Match

This is for an old invoice, I wasn't sure where to code it.

Ctrl+S at any time to save



## 3. Income & expenses



# 3. Income & Expenses

While income and expenses can be entered during the reconciliation process, they can also be entered manually as a spend money or receive money, or as an invoice or bill.

Spend/receive monies will be recorded as being paid directly to and from the Xero bank account.

Bills and invoices will be recorded in the accounts payable or receivable account awaiting payment from the bank account.

## Demo Company (AU)

The screenshot displays the Xero interface for 'Demo Company (AU)'. It features several key sections:

- Business Bank Account:** Includes a 'New' menu with 'Spend Money' and 'Receive Money' circled in blue. A blue arrow points to the 'Manage' dropdown.
- Business Savings Account:** Shows a 'Reconciled' status and a balance of (51.72).
- Account watchlist:** A table showing account balances for 'This month' and 'YTD'.
- Invoices owed to you:** A bar chart showing invoice trends, with a 'New sales invoice' button circled in blue.
- Bills you need to pay:** A bar chart showing bill trends, with a 'New bill' button circled in blue.
- Total cash in and out:** A bar chart showing monthly cash flow from December to May.

| Account                         | This month | YTD       |
|---------------------------------|------------|-----------|
| PAYG Withholdings Payable (825) | 3,014.00   | 9,042.00  |
| Sales (200)                     | 12,720.05  | 45,151.05 |

| Category            | Count | Amount    |
|---------------------|-------|-----------|
| 4 Draft invoices    | 4     | 2,200.00  |
| 10 Awaiting payment | 10    | 16,006.55 |
| 3 Overdue           | 3     | 7,097.50  |

| Category            | Count | Amount   |
|---------------------|-------|----------|
| 1 Draft bills       | 1     | 115.20   |
| 11 Awaiting payment | 11    | 8,507.78 |
| 4 Overdue           | 4     | 2,326.29 |

### 3.1 Spend/Receive Money

Spend money is used to record purchases that you make. For example, you spend \$1,346 at Officeworks on business supplies and personal expenses. That transaction may be broken up into the following expenses.

**Description:**

(Optional) enter a description of the purchase

**Qty:** A minimum of 1 must be input in this column

**Unit Price:** the price you paid for the item

**Account:** The account that the expense should be allocated to

**Tax Rate:** The type of GST on the purchase

**Amount AUD:** This column will automatically populate based on the quantity and unit price

#### New Spend Money

Spent as **Direct Payment**

To: Officeworks NEW    Date: 15 Jan 2015    Reference:    Total: 1,346.00

AUD Australian Dollar    Amounts are: Tax Inclusive

| Item         | Description | Qty   | Unit Price | Account                     | Tax Rate        | Region | Amount AUD          |          |  |
|--------------|-------------|-------|------------|-----------------------------|-----------------|--------|---------------------|----------|--|
|              | Tea & Coffe | 1.00  | 15.00      | 486 - Staff Amenities       | GST on Expenses |        | 15.00               | ×        |  |
|              | Paper       | 1.00  | 11.00      | 461 - Printing & Stationery | GST on Expenses |        | 11.00               | ×        |  |
|              | Desk chairs | 10.00 | 125.00     | 710 - Office Equipment      | GST on Capital  |        | 1,250.00            | ×        |  |
|              | Gift card   | 1.00  | 70.00      | 880 - Owner A Drawings      | BAS Excluded    |        | 70.00               | ×        |  |
|              |             |       |            |                             |                 |        | Subtotal            | 1,346.00 |  |
|              |             |       |            |                             |                 |        | Includes GST 10.00% | 116.00   |  |
| <b>TOTAL</b> |             |       |            |                             |                 |        | <b>1,346.00</b>     |          |  |

[Add a new line](#)    [Save](#)    [Save & add another](#)    [Cancel](#)

Receive money follows the same principles.

#### New Receive Money

Received as **Direct Payment**

From: John Smith NEW    Date: 15 Jan 2015    Reference:    Total: 150.00

AUD Australian Dollar    Amounts are: Tax Inclusive

| Item         | Description       | Qty  | Unit Price | Account                | Tax Rate      | Region | Amount AUD          |        |  |
|--------------|-------------------|------|------------|------------------------|---------------|--------|---------------------|--------|--|
| ⋮            | Fee for service   | 1.00 | 150.00     | 201 - Consultancy Fees | GST on Income |        | 150.00              | ×      |  |
| ⋮            | Supply of product | 1.00 | 25.00      | 202 - Product Sales    | GST on Income |        | 25.00               | ×      |  |
| ⋮            |                   |      |            |                        |               |        |                     | ×      |  |
| ⋮            |                   |      |            |                        |               |        |                     | ×      |  |
|              |                   |      |            |                        |               |        | Subtotal            | 175.00 |  |
|              |                   |      |            |                        |               |        | Includes GST 10.00% | 15.91  |  |
| <b>TOTAL</b> |                   |      |            |                        |               |        | <b>175.00</b>       |        |  |

[Add a new line](#)    [Save](#)    [Save & add another](#)    [Cancel](#)

## 3.2 Bills & Invoices

Bills and invoices follow the same principles as spend and receive monies, except that they will be paid sometime in the future. The following is an example bill which can record all the same details as a spend money.

Purchases > Bills >

### New Bill

| From | Date        | Due Date    | Reference | Total |
|------|-------------|-------------|-----------|-------|
| Xero | 15 Jan 2015 | 15 Jan 2015 |           | 0.00  |

Currency: AUD Australian Dollar

Amounts are: Tax Inclusive

| Item                | Description          | Qty  | Unit Price | Account        | Tax Rate        | Region | Amount AUD   |
|---------------------|----------------------|------|------------|----------------|-----------------|--------|--------------|
|                     | Monthly subscription | 1.00 | 50.00      | 487 - Software | GST on Expenses |        | 50.00        |
|                     |                      |      |            |                |                 |        |              |
|                     |                      |      |            |                |                 |        |              |
|                     |                      |      |            |                |                 |        |              |
|                     |                      |      |            |                |                 |        |              |
| Subtotal            |                      |      |            |                |                 |        | 50.00        |
| Includes GST 10.00% |                      |      |            |                |                 |        | 4.55         |
| <b>TOTAL</b>        |                      |      |            |                |                 |        | <b>50.00</b> |

Buttons: Save, Approve, Cancel

You can view bills waiting to be paid by selecting “Bills you need to pay” from the dashboard, and then select “awaiting Payment”.

Purchases > Bills

Buttons: + New Bill, + New Credit Note, Import, Export

Filters: All, Draft (1), Awaiting Approval (1), **Awaiting Payment (11)**, Paid, Repeating

Schedule of Planned Payments

Set a Planned Date on bills to create a payment schedule

Buttons: Print, Batch Payment, Schedule Payments

No items selected | 11 items | 8,507.78 AUD | Search

| Ref          | From                  | Date        | Due Date    | Planned Date | Paid   | Due      |
|--------------|-----------------------|-------------|-------------|--------------|--------|----------|
| Sub          | Heritage Trust        | 14 Jan 2015 | 22 Jan 2015 |              | 0.00   | 132.00   |
| CS815        | Capital Cab Co        | 14 Jan 2015 | 20 Jan 2015 |              | 0.00   | 242.00   |
| GB1-White    | Bayside Wholesale     | 13 Jan 2015 | 28 Jan 2015 |              | 0.00   | 840.00   |
|              | MCO Cleaning Services | 8 Jan 2015  | 28 Jan 2015 |              | 0.00   | 170.50   |
|              | Bayside Club          | 8 Jan 2015  | 18 Jan 2015 |              | 0.00   | 130.00   |
|              | PC Complete           | 8 Jan 2015  | 2 Feb 2015  |              | 0.00   | 2,166.99 |
| SM0210-70209 | SMART Agency          | 3 Jan 2015  | 16 Jan 2015 |              | 0.00   | 2,500.00 |
| C-20112      | PowerDirect           | 2 Jan 2015  | 12 Jan 2015 |              | 0.00   | 108.60   |
| O721-003     | Net Connect           | 1 Jan 2015  | 13 Jan 2015 |              | 0.00   | 54.13    |
| SM0195-70135 | SMART Agency          | 3 Dec 2014  | 17 Dec 2014 |              | 0.00   | 2,000.00 |
| 945-ORC      | Central Copiers       | 14 Nov 2014 | 13 Dec 2014 |              | 900.00 | 163.56   |

Invoices can be created and printed from Xero to give to your client/customer. Xero will create a PDF as below that can either be printed or emailed directly from Xero. You can edit this template to include your logo and the text that would like to appear in the middle of the invoice. Your business details will populate automatically from the details you have entered in the Organisation Settings. Client/customer details will populate from their Contact details. The description, quantity, and unit price details will populate from the details you enter when you created the invoice.

Demo Co.

**TAX INVOICE**

Jakaranda Maple Systems

**Invoice Date**  
1 Jan 2015

**Invoice Number**  
ORC1041

**ABN**  
11 111 111 138

Demo Company (AU)  
23 Main Street  
MARINEVILLE NSW 2000

| Description       | Quantity | Unit Price | GST              | Amount AUD      |
|-------------------|----------|------------|------------------|-----------------|
| Installation fees | 1.00     | 2,500.00   | 10%              | 2,500.00        |
|                   |          |            | Subtotal         | 2,500.00        |
|                   |          |            | TOTAL GST 10%    | 250.00          |
|                   |          |            | <b>TOTAL AUD</b> | <b>2,750.00</b> |

**Due Date: 14 Jan 2015**

When paying by cheque, please complete this payment advice, detach and post to the address provided.

Online payment preferred - use our account 083-234-12345678 or use the 'Pay online now' link to pay via PayPal with your credit card.

[Pay online now](#)

---

**PAYMENT ADVICE**

To: Demo Company (AU)  
23 Main Street  
MARINEVILLE NSW 2000

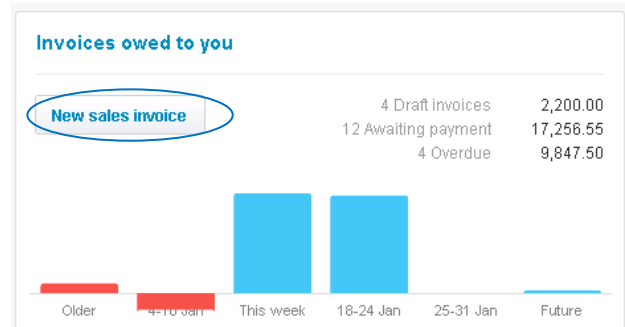
|                        |                         |
|------------------------|-------------------------|
| <b>Customer</b>        | Jakaranda Maple Systems |
| <b>Invoice Number</b>  | ORC1041                 |
| <b>Amount Due</b>      | <b>2,750.00</b>         |
| <b>Due Date</b>        | 14 Jan 2015             |
| <b>Amount Enclosed</b> | _____                   |

Enter the amount you are paying above



To create an invoice, select “New Sales Invoice” from the Dashboard.

The highlighted fields below will appear on the invoice PDF, so ensure that the information you would like the customer to see appears in these fields.



Sales > Invoices >

## Edit Invoice ORC1041

**Awaiting Payment** Invoice Options

**To:** Jakaranda Maple Systems **Date:** 1 Jan 2015 **Due Date:** 14 Jan 2015 **Invoice #:** ORC1041 **Reference:** JMS **Branding:** Standard

Currency: AUD Australian Dollar Amounts are: Tax Inclusive

| Item                | Description       | Qty  | Unit Price | Disc % | Account     | Tax Rate      | Region | Amount AUD      |
|---------------------|-------------------|------|------------|--------|-------------|---------------|--------|-----------------|
|                     | Installation fees | 1.00 | 2,750.00   |        | 200 - Sales | GST on Income |        | 2,750.00        |
| <b>Subtotal</b>     |                   |      |            |        |             |               |        | 2,750.00        |
| Includes GST 10.00% |                   |      |            |        |             |               |        | 250.00          |
| <b>TOTAL</b>        |                   |      |            |        |             |               |        | <b>2,750.00</b> |

[Add a new line](#) **Update** **Cancel**

*The customer will see this information on their invoice.*

You can view invoices awaiting payment by selecting “Invoices owed to you” from the Dashboard and then selecting “Awaiting Payment”.

Sales > **Invoices**

[New Invoice](#) [New Credit Note](#) [Send Statements](#) [Import](#) [Export](#)

All [Draft \(4\)](#) [Awaiting Approval \(1\)](#) **[Awaiting Payment \(12\)](#)** [Paid](#) [Repeating](#)

[Print](#) [Email](#) [Deposit](#) No items selected 12 items | 17,256.55 AUD [Search](#)

| Number   | Ref          | To                              | Date        | Due Date    | Expected Date | Paid   | Due        | Sent |
|----------|--------------|---------------------------------|-------------|-------------|---------------|--------|------------|------|
| ORC1039  | GB1-White    | Bayside Club                    | 14 Jan 2015 | 1 Feb 2015  |               | 0.00   | 234.00     |      |
| ORC1038  | Ref MK815    | Marine Systems                  | 14 Jan 2015 | 20 Jan 2015 |               | 0.00   | 396.00     |      |
| ORC1036  |              | Basket Case                     | 14 Jan 2015 | 24 Jan 2015 |               | 0.00   | 914.55     | ✓    |
| ORC1032  |              | Cube Land                       | 13 Jan 2015 | 20 Jan 2015 |               | 0.00   | 495.00     | ✓    |
|          |              | Jakaranda Maple Systems         | 8 Jan 2015  |             |               | 0.00   | (1,500.00) |      |
| ORC1034  | PO403/CSD    | Pinnacle Management             | 3 Jan 2015  | 23 Jan 2015 |               | 0.00   | 3,080.00   | ✓    |
| ORC01025 | P/O CRM08-12 | Ridgeway University             | 3 Jan 2015  | 13 Jan 2015 |               | 0.00   | 6,187.50   | ✓    |
| ORC1041  |              | Jakaranda Maple Systems         | 1 Jan 2015  | 14 Jan 2015 |               | 0.00   | 2,750.00   |      |
| ORC1033  | Portal proj  | DIISR - Small Business Services | 29 Dec 2014 | 18 Jan 2015 |               | 0.00   | 3,850.00   | ✓    |
| ORC1037  |              | City Limousines                 | 13 Dec 2014 |             |               | 0.00   | (60.50)    | ✓    |
| ORC1012  |              | City Limousines                 | 12 Nov 2014 | 28 Nov 2014 |               | 0.00   | 660.00     | ✓    |
| ORC1002  |              | City Limousines                 | 23 Oct 2014 | 2 Nov 2014  |               | 850.00 | 250.00     | ✓    |

Page 1 of 1 (12 total items) Showing 25 items per page

Statements can be sent to clients who have not paid their invoice by selecting “Send Statement”.

Then choose “Outstanding” invoices and the date outstanding.

**Statement Type**  
 as at  Filter by

No items selected

| <input type="checkbox"/> | Name                            | Account No. | Email                           | Address   | Outstanding Balance | Overdue  |
|--------------------------|---------------------------------|-------------|---------------------------------|---|---------------------|----------|
| <input type="checkbox"/> | Ridgeway University             |             | accounts@ridgewayuniversity.edu | Add address   | 6,187.50            | 6,187.50 |
| <input type="checkbox"/> | DIISR - Small Business Services |             | accounts@diisr.govt             | Accounts Dept., Melbourne Regional Office<br>L3, Southbank House 13 Gallery Ave,<br>Melbourne, 3131 | 3,850.00            | 1,155.00 |
| <input type="checkbox"/> | City Limousines                 |             | scott@citylimousines.com        | 13 Waverly Park Rd, Melbourne, VIC, 3313  | 849.50              | 910.00   |
| <input type="checkbox"/> | Pinnacle Management             |             | Edit address details            | Nick Wakefield, P O Box 456, Melbourne GPO,<br>VIC, 3331  | 3,080.00            |          |
| <input type="checkbox"/> | Jakaranda Maple Systems         |             | Edit address details            | Add address   | 1,250.00            |          |
| <input type="checkbox"/> | Basket Case                     |             | Edit address details            | Mary Munn, Shop 14 Ridgeway Mall 500 River<br>Road, Pinehaven, MWL, 987                             | 914.55              |          |

Then select the clients/customers that you would like to send a statement to and either print or email the PDF statement.

Demo Co.

**STATEMENT**  
Ridgeway University

Statement Date: 14 Jan 2015  
 Demo Company (AU)  
 23 Main Street  
 MARINEVILLE NSW 2000  
 ABN: 11 111 111 138

| Date               | Activity           | Reference     | Due Date    | Invoice Amount | Payments | Balance AUD     |
|--------------------|--------------------|---------------|-------------|----------------|----------|-----------------|
| 3 Jan 2015         | Invoice # ORC01025 | P/O CRM08-... | 13 Jan 2015 | 6,187.50       | 0.00     | 6,187.50        |
| <b>BALANCE DUE</b> |                    |               |             |                |          | <b>6,187.50</b> |

When paying by cheque, please complete this payment advice, detach and post to the address provided.

Online payment preferred - use our account 083-234-12345678 or use the 'Pay online now' link to pay via PayPal with your credit card.

---

**PAYMENT ADVICE**

To: Demo Company (AU)  
23 Main Street  
MARINEVILLE NSW 2000

| Customer        | Ridgeway University                   |               |
|-----------------|---------------------------------------|---------------|
| Overdue         | Current                               | Total AUD Due |
| 6,187.50        | 0.00                                  | 6,187.50      |
| Amount Enclosed | Enter the amount you are paying above |               |

The statement will list each of the invoices outstanding for the client/customer and the dates that the invoices were due.

You can also edit the statement template to add your logo and edit the text appearing on the statement.

## 4. Settings



# 4. Settings

## 4.1 Organisation Settings

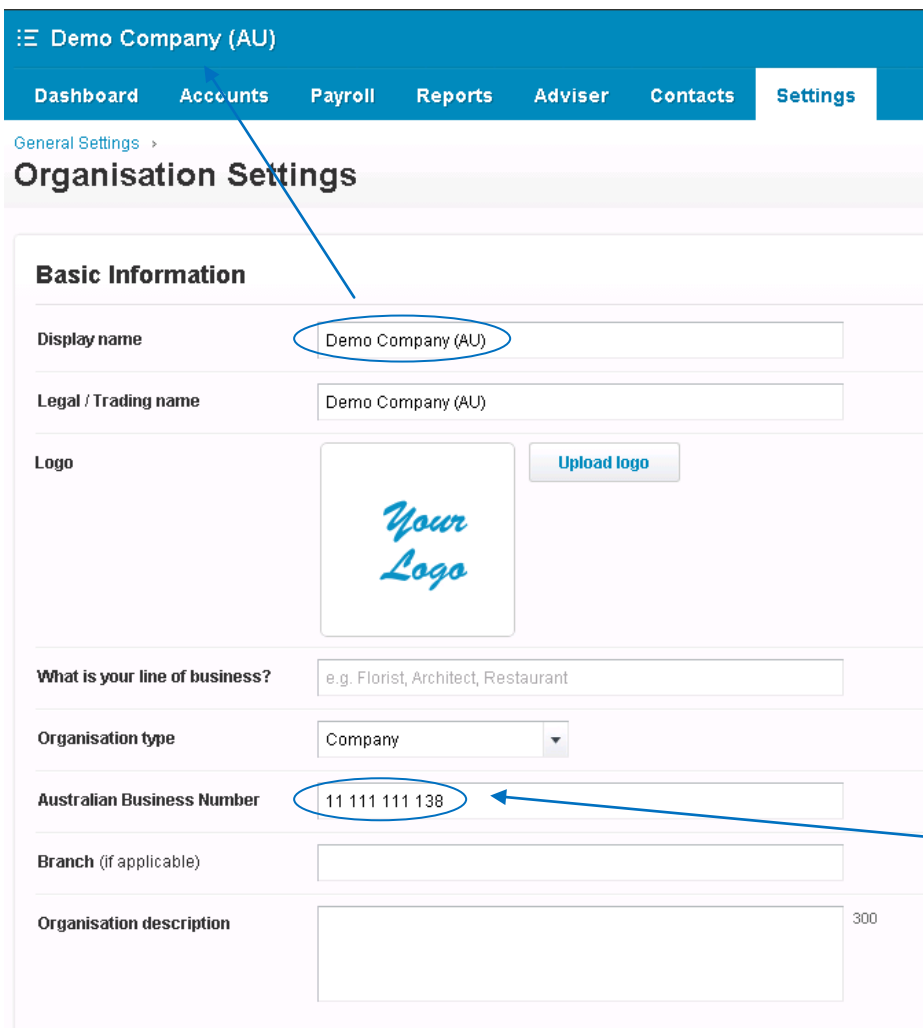
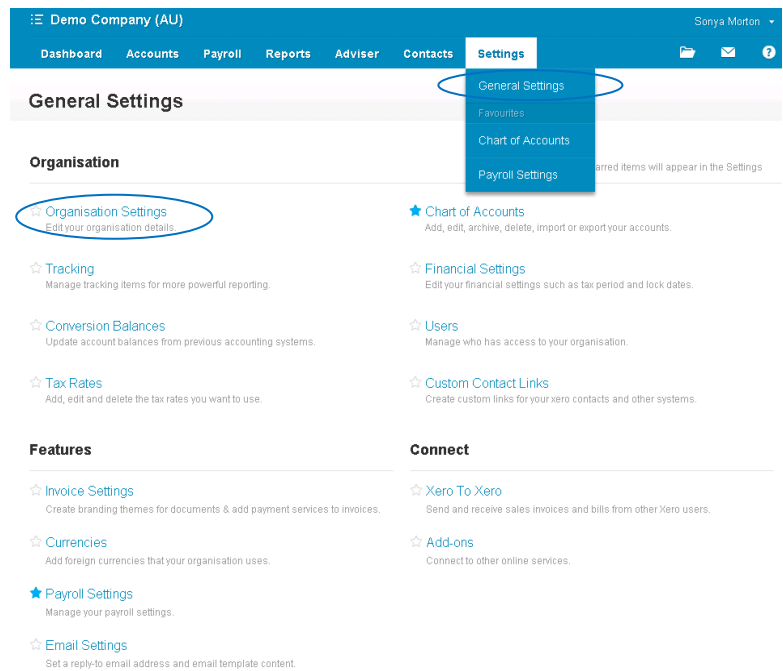
The Organisation Settings can be found under General Setting in the top left hand corner.

The display name is the name that will appear in the top left hand corner of Xero as well as on the invoices that you create.

You may also upload your logo to appear on invoices that use Xero's standard invoice settings.

Your ABN will also need to be entered on this page so that it appears on your invoices.

Contact details can also be entered on this page if you want them to appear on your invoices.



Your ABN needs to be entered here so that it will appear on your invoices.

## 4.2 Chart of Accounts

The chart of accounts lists all the accounts that your business allocates transactions to.

The accounts are listed under the following five types of accounts:

**Assets:** Tangible or intangible items owned or controlled by the business

**Liabilities:** Payment obligations

**Equity:** The owners interest in the business

**Expenses:** Business related purchases

**Revenue:** Income received by the business

**Demo Company (AU)** Sonya Morton ▾

Dashboard Accounts Payroll Reports Adviser 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"/> 090    | Business Bank Account   | Bank         | BAS Excluded      | (2,151.58) |
| <input type="checkbox"/> 091    | Business Savings Account  | Bank         | BAS Excluded      | (51.72)    |
| <input type="checkbox"/> 200    | Sales<br>Income from any normal business activity   | Revenue      | GST on Income     | 45,151.05  |
| <input type="checkbox"/> 260    | Other Revenue<br>Any other income that does not relate to normal business activities and is not recurring     | Other Income | GST on Income     | 0.00       |
| <input type="checkbox"/> 270    | Interest Income<br>Interest income  | Other Income | GST on Income     | 97.05      |
| <input type="checkbox"/> 300    | Purchases<br>Goods purchased with the intention of selling these to customers                                 | Direct Costs | GST on Expenses   | 763.64     |
| <input type="checkbox"/> 400    | Advertising<br>Expenses incurred for advertising while trying to increase sales                               | Expense      | GST on Expenses   | 4,102.91   |
| <input type="checkbox"/> 404    | Bank Fees<br>Fees charged by your bank for transactions regarding your bank account(s).                       | Expense      | GST Free Expenses | 331.50     |
| <input type="checkbox"/> 408    | Cleaning<br>Expenses incurred for cleaning business property.   | Expense      | GST on Expenses   | 465.00     |
| <input type="checkbox"/> 412    | Consulting & Accounting<br>Expenses related to paying consultants   | Expense      | GST on Expenses   | 98.00      |
| <input type="checkbox"/> 416    | Depreciation<br>The amount of the asset's cost (based on the useful life) that was consumed during the period | Depreciation | BAS Excluded      | 0.00       |

### **Code**

Each account will have its own unique code. The default chart of accounts in Xero will have the codes set up so that the accounts appear in order based on their account type.

| <b>Account Type</b>   | <b>Account Codes</b> |
|-----------------------|----------------------|
| Bank account (assets) | 0 – 199              |
| Revenue               | 200 – 299            |
| Expenses              | 300 – 599            |
| Assets                | 600 – 799            |
| Liabilities           | 800 – 899            |
| Owners Equity         | 900 – 999            |

### **Name**

Each account will have a name and a description appearing in the second column. When creating reports you can order accounts either by name or by code.

*Hint: A handy feature in Xero is that when you are creating a transaction you can select the account just by typing any part of the account name. There is no need to memorize each account code or print the chart of accounts for reference.*

### **Type**

This tells you the type of account it is. The account type determines which financial report the account will appear on, ie. either the profit and loss statement or the balance sheet. The account types that appear in this column are sub-categories of the five main account types.

| <b>Asset</b>         | <b>Liability</b>        | <b>Owners Equity</b> | <b>Expenses</b> | <b>Revenue</b> |
|----------------------|-------------------------|----------------------|-----------------|----------------|
| – Current assets     | – Current liability     | – Equity             | – Depreciation  | – Other income |
| – Fixed assets       | – Liability             |                      | – Direct Costs  | – Revenue      |
| – Non-current assets | – Non-current liability |                      | – Expense       | – Sale         |
| – Prepayment         |                         |                      | – Overhead      |                |

### **Tax Rate**

This tells you the default GST code that Xero will use for all transactions allocated to the account. The GST code can always be manually changed when entering a transaction that is different to the norm.

The most common GST codes used are:

- GST on Expense/Income
- GST Free Expense/Income
- GST on Capital
- GST Free Capital
- BAS Excluded - *You may also have heard of this code by the name “Non-Taxable”.*

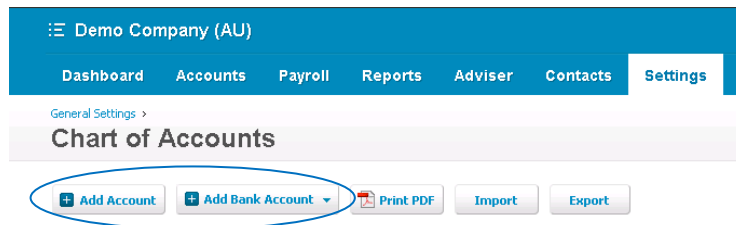
The capital GST codes should be used for the purchase and sale of assets.

### **YTD**

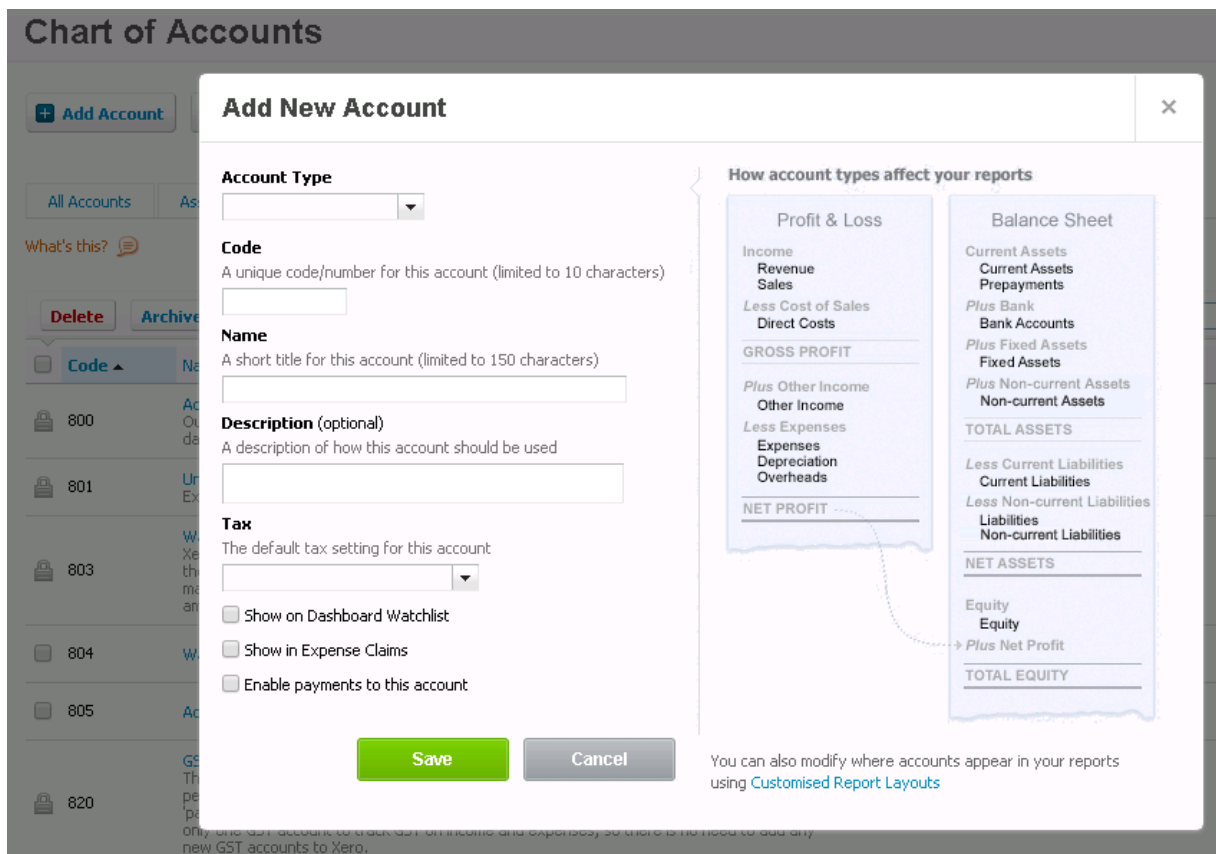
This shows you how much has been allocated to the account since the 1<sup>st</sup> July.

## 4.2.1 Adding an Account

To add one of the five main types of accounts, select “Add Account”. To add a bank account that will appear on the dashboard and have the possibility of receiving bank feeds, select “Add Bank Account”.



When you select “Add Account” the following screen appears.



On this screen you can input all the information previously explained. You can also select whether you would like the account balance to appear on the dashboard so you can keep an eye on it. You can also allow employees to allocate expenses to that account if using the Expense Claim feature. This is typically used for accounts such as Staff Amenities, Materials, Fuel and Tolls. You may also enable payments to and from the account, meaning that you can pay a bill from that account rather than paying it from the bank. This is typically used when the owner of the business contributes money to the business. Instead of creating a manual journal, you can create a bill for the expense and pay the bill from the owners drawings account.



When you select “Add Bank Account” a dropdown box will appear asking you if it’s a bank account, credit card, or PayPal account. If you select bank account the following screen appears.

**Add Bank Account** [X]

**Your Bank**

[Text Input Field]

Bank feeds are available for recognised banks

**!** The bank name won't be saved in this demo organisation

**Account Name**

[Text Input Field]

As you would like it to appear in Xero (limited 30 characters)

**Code**

[Text Input Field]

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

**Currency**

AUD Australian Dollar [Dropdown]

**Bank Account Number**

BSB [Text Input Field] - Account Number [Text Input Field]

**Use the options below if you make batch payments...?**

DE User ID [Text Input Field] (Required by some banks)

Include self-balancing transaction in the ABA file

**Save** **Cancel**

### Your Bank

This is where you select who you bank with, such as Commonwealth, ANZ, or Bendigo etc. Xero will then tell you whether bank feeds are generally available for this bank.

### Account Name

This does not have to match the account name that appears on your bank statements. This is the account name that will appear on the Dashboard and in financial reports, just like the account name of all other types of accounts.

### Code

This is the unique account code that all accounts have as previously explained. Typically a bank account will have a code between 0 – 199.

### Currency

This where you select which currency your bank uses.

### Bank Account Number

This is where you enter your BSB and account number to help with identification of the account. Depending on who you bank with, this information is also necessary to activate bank feeds.

If your bank is a business bank account , it can be set up in Xero to process batch payments.

## 4.3 Users

This is where you can invite someone to have access to your Xero account.

When you select “Invite a User” the following screen appears.

This screen allows you to give the user different levels of access to your Xero account.

Enter their name and the email address they will use to log in, and select the levels of access you want them to have. After you click “Continue” and a message box will appear where you can type in an invitation message to be emailed to them.

When they receive the email it will contain a link for them to set up their password and log in to Xero.

General Settings >

### Users

What's this? 

 Invite a User










 Invite Xero Support

#### 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             | ✓   | ✓  | ✓   | ✓  | ✓   | ✓  |

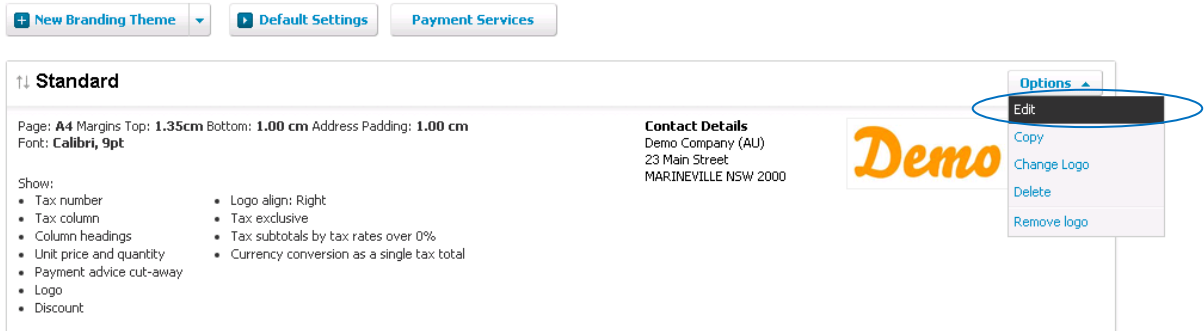
**Manage Users** Allow this user to add and remove users and change permissions

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

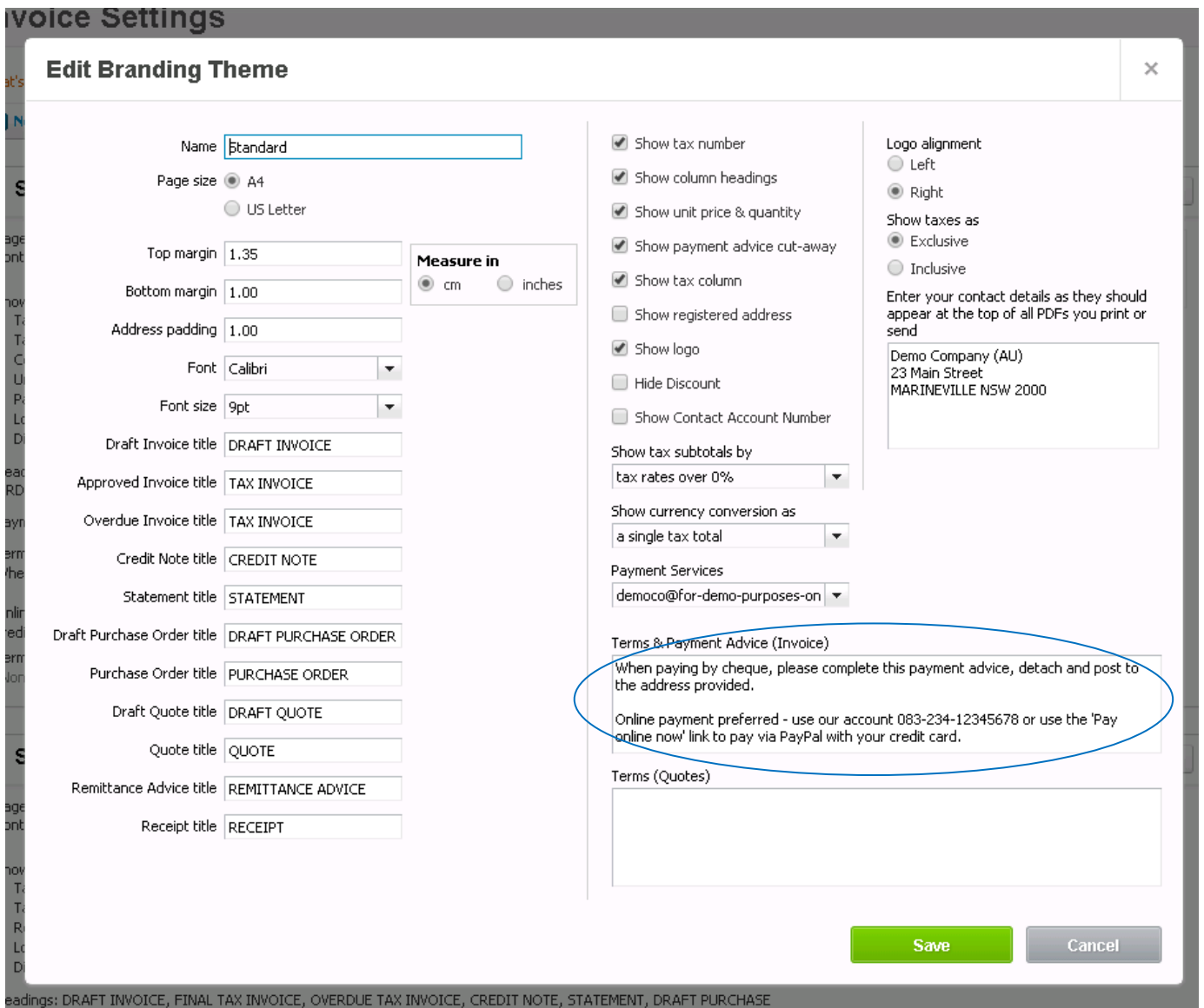
**Contact Bank Account Admin** Allow this user to add and edit bank account details held for customers and suppliers

## 4.4 Invoice Settings

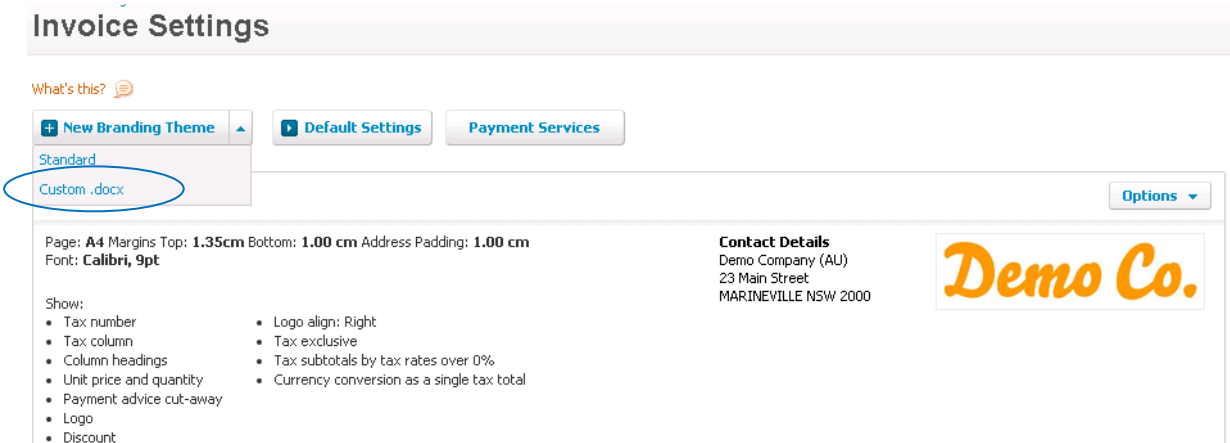
Xero has a standard invoice setting which you may tweak to suit your preferences.



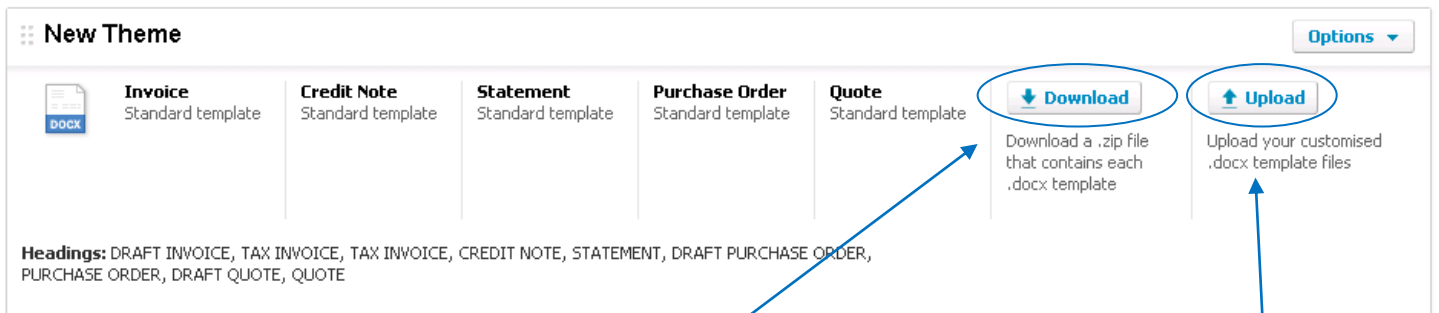
One of the things you can edit is the text that appears on the invoice. However, you cannot edit the font or positioning of the text.



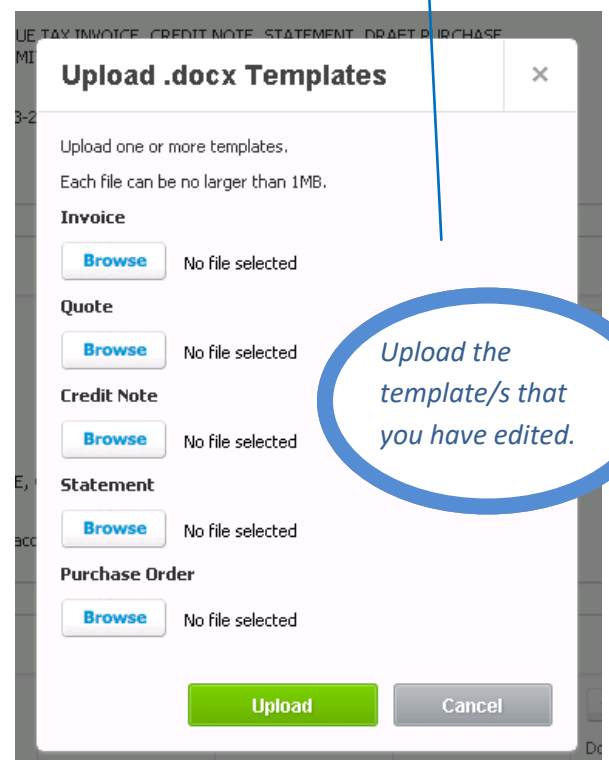
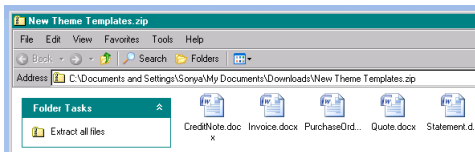
If you would like more control over what your invoices look like, you can create a customized branding theme.



Once you've named your customized theme it will appear below any other branding themes that you have. You can then download all five templates as Word documents and save them to your computer. Open the template that you want to edit i.e. the invoice template, and edit the Word document. You can then upload the edited Word document back into Xero.



*Download the templates for your customized branding theme.*




When you have more than one branding theme Xero will default to using theme at the top of the list. To reorder the themes, simply drag them into the order that you want.

[+ New Branding Theme](#) [Default Settings](#) [Payment Services](#)

**Standard** Options ▾

Page: **A4** Margins Top: **1.35cm** Bottom: **1.00 cm** Address Padding: **1.00 cm**  
Font: **Calibri, 9pt**

**Contact Details**  
Demo Company (AU)  
23 Main Street  
MARINEVILLE NSW 2000



Show:

- Tax number
- Tax column
- Column headings
- Unit price and quantity
- Payment advice cut-away
- Logo
- Discount
- Logo align: Right
- Tax exclusive
- Tax subtotals by tax rates over 0%
- Currency conversion as a single tax total

Headings: DRAFT INVOICE, TAX INVOICE, TAX INVOICE, CREDIT NOTE, STATEMENT, DRAFT PURCHASE ORDER, PURCHASE ORDER, DRAFT QUOTE, QUOTE, REMITTANCE ADVICE, RECEIPT

Payment service: democo@for-demo-purposes-only.co


Terms & Payment Advice (Invoices):  
When paying by cheque, please complete this payment advice, detach and post to the address provided.

Online payment preferred - use our account 083-234-12345678 or use the 'Pay online now' link to pay via PayPal with your credit card.

Terms (Quotes):  
(None added)

*Drag the themes to reorder them.*

**New Theme** Options ▾


|   |   |                                       |  |                                   |  |   |
|---|---|---------------------------------------|--|-----------------------------------|--|---|
|  <b>Invoice</b><br>Standard template | <b>Credit Note</b><br>Standard template | <b>Statement</b><br>Standard template | <b>Purchase Order</b><br>Standard template | <b>Quote</b><br>Standard template | <a href="#">Download</a><br>Download a .zip file that contains each .docx template | <a href="#">Upload</a><br>Upload your customised .docx template files |
|---|---|---------------------------------------|--|-----------------------------------|--|---|

Headings: DRAFT INVOICE, TAX INVOICE, TAX INVOICE, CREDIT NOTE, STATEMENT, DRAFT PURCHASE ORDER, PURCHASE ORDER, DRAFT QUOTE, QUOTE

**Special Projects** Options ▾

Page: **A4** Margins Top: **1.35cm** Bottom: **1.00 cm** Address Padding: **1.00 cm**  
Font: **Calibri, 9pt**

**Contact Details**  
Orange Demo Co  
:::Special Projects Division:::  
Unit 1, 2 Bushpark Ave  
Parkville  
Melbourne 3330



Show:

- Tax number
- Tax column
- Registered address
- Logo
- Discount
- Logo align: Left
- Tax exclusive
- Tax subtotals by tax rates over 0%
- Currency conversion as a single tax total

*This theme was created by copying the Standard theme and changing the logo.*

## 4.5 Email Settings

In Xero you have the ability email invoices, quotes, remittance advices, statements etc. directly from Xero as a PDF attachment.

Your login email address will be the default email address that receives the replies to any emails that you send from Xero. In the email settings you can set a new email address to receive the reply emails.

You can also edit the default wording of any emails sent from Xero. You will also be able to change the wording on each individual email before it is sent if you choose to.

| Type                                     | Name ▲                     |
|--|----------------------------|
| Receipt <small>DEFAULT</small>           | Basic                      |
| Remittance <small>DEFAULT</small>        | Basic                      |
| Credit Note <small>DEFAULT</small>       | Basic                      |
| Purchase Order <small>DEFAULT</small>    | Basic                      |
| Statement <small>DEFAULT</small>         | Basic                      |
| Quote <small>DEFAULT</small>             | Basic                      |
| Sales Invoice <small>DEFAULT</small>     | Basic                      |
| Repeating Invoice <small>DEFAULT</small> | Basic                      |
| Sales Invoice                            | Overdue - payment reminder |

+ Add email template

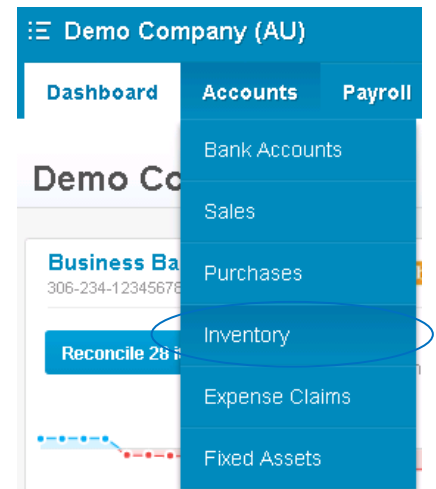
*Edit the default wording on the email templates.*

## 4.6 Inventory Items

Inventory items can be found under the Accounts tab, or you can add a new inventory item when creating a transaction.

They are designed to keep track of how much stock you have on hand, but can also be used simply to save time when creating any type of transaction by automatically filling in the description, unit price, and account..

On the inventory screen you can view a description of each item, the quantity held, and add a new item.



### Inventory

[+ New Item](#) [Import](#) [Export](#)

[Delete](#)

| <input type="checkbox"/> | Item Code       | Item Name                                 | Cost Price | Sale Price | Quantity |
|--------------------------|-----------------|---|------------|------------|----------|
| <input type="checkbox"/> | TSS - Black     | T-Shirt Small Black                       | 20.00      | 40.00      | 7.00     |
| <input type="checkbox"/> | TSL - Black     | T-Shirt Large Black                       | 20.00      | 40.00      | 5.00     |
| <input type="checkbox"/> | TSM - Black     | T-Shirt Medium Black                      | 20.00      | 40.00      | 4.00     |
| <input type="checkbox"/> | <b>Train-MS</b> | Half day training - Microsoft Office      |            | 500.00     |          |
| <input type="checkbox"/> | Support-M       | Desktop/network support via email & phone |            | 500.00     |          |

*Inventory items save time by automatically filling in the description, price, and account.*

### New Receive Money

Received as [Direct Payment](#)

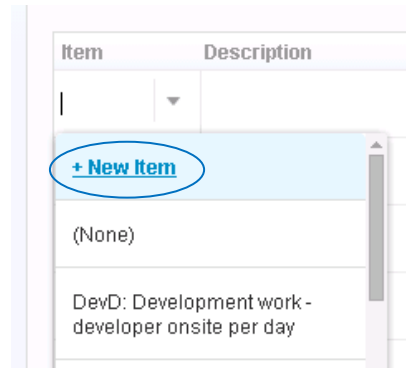
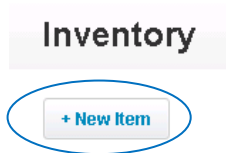
From: Demo Customer    Date: 27 Jul 2015    Reference:     Total: 0.00

AUD Australian Dollar    Amounts are: Tax Exclusive

| Item  | Description                                 | Qty  | Unit Price    | Account            | Tax Rate      | Region | Amount AUD |
|---|---|------|---------------|--------------------|---------------|--------|------------|
| <b>Train-MS: Half day training - Microsoft Office</b> | <b>Half day training - Microsoft Office</b> | 1.00 | <b>500.00</b> | <b>200 - Sales</b> | GST on Income |        | 500.00     |

## Creating an inventory item

Either add a new item from the inventory screen, or add a new item while creating a transaction.



Item Code: Train-MS | Item Name: Half day training - Microsoft Office

I track this item

I purchase this item

I sell this item

Unit Price: | Purchases Account: | Tax Rate: |

Purchases Description (for my suppliers): Half day training - Microsoft Office

Unit Price: 500.00 | Sales Account: 200 - Sales | Tax Rate: GST on Income

Sales Description (for my customers): Half day training - Microsoft Office

Save Cancel

*Tick this box if you would like to keep track of the quantity held.*

*Details entered here will automatically appear when creating any type of transaction*



## Keeping track of inventory

Clicking on an inventory item will give you a quick summary of the item.

You can also view a detailed inventory report which is one of Xero's new reports.

[Edit Item](#) [Options ▾](#)

### T-Shirt Large Black

TSL - Black

**Inventory Item**

Inventory Asset Account: 630 - Inventory

**Purchases**

Unit Price: 20.00

Cost of Goods Sold Account: 310 - Cost of Goods Sold

Tax Rate: BAS Excluded

Description: Company Branded T-Shirt Large Black. Order Code #2412

**Sales**

Unit Price: 40.00

Account: 200 - Sales

Tax Rate: GST on Income

Description: Company Branded T-Shirt Large Black. Check out our website for other offer!

**Recent Transactions**

| Date        | Type            | Reference | Quantity | Unit Price | Total  |
|-------------|-----------------|-----------|----------|------------|--------|
| 30 Jun 2014 | Opening Balance |           | +5       | 20.00      | 100.00 |

Quantity on Hand

**5**

---

Average Cost

**20.00**

---

Total Value

**100.00**

---

In Committed Quotes

**0**

---

Quantity on Order

**0**

We're improving reporting. Over the coming months we'll be adding new reports for you to use. [Try out the new reports](#)

This report can be customized to show as much or as little information as you need.

## Inventory Item Details

Demo Company (AU)

From 27 July 2015 to 27 July 2015

| Date   | Contact         | Value Movement  | Unit Cost Price | Unit Sale Price | Margin | Profit per Item |
|--|-----------------|-----------------|-----------------|-----------------|--------|-----------------|
| <b>GB1-White - Golf balls - white single (Untracked)</b>       |                 |                 |                 |                 |        |                 |
| 27 Jul 2015  | Bayside Club    | (203.64)        |                 | 5.09            |        |                 |
| <b>Total GB1-White - Golf balls - white single (Untracked)</b> |                 | <b>(203.64)</b> | <b>0.00</b>     | <b>5.09</b>     |        | <b>0.00</b>     |
| <b>TSS - Black - T-Shirt Small Black</b>                       |                 |                 |                 |                 |        |                 |
| <b>Opening Balance</b>   |                 | <b>140.00</b>   |                 |                 |        |                 |
| 27 Jul 2015  | Purch. of Stock | 400.00          | 20.00           |                 |        |                 |
| 27 Jul 2015  | Sale            | (300.00)        | 20.00           | 40.00           | 50.00% | 20.00           |
| <b>Total TSS - Black - T-Shirt Small Black</b>                 |                 | <b>100.00</b>   | <b>40.00</b>    | <b>40.00</b>    |        | <b>20.00</b>    |
| <b>Closing Balance</b>   |                 | <b>240.00</b>   |                 |                 |        |                 |
| <b>Total</b>   |                 | <b>(103.64)</b> | <b>40.00</b>    | <b>45.09</b>    |        | <b>20.00</b>    |



## 5. Payroll



# 5. Payroll

## 5.1 Payroll Settings

Payroll Settings can be found in General Settings under the Settings tab.

The Calendars must be set up so that Pay Runs can be processed. All other payroll settings are optional.

| Name                 | Pay Period  | Next Pay Period           | Next Payment Date |   |
|----------------------|-------------|---------------------------|-------------------|---|
| Fortnightly Calendar | Fortnightly | 01 May 2015 - 14 May 2015 | 15 May 2015       | 🔒 |
| Weekly Calendar      | Weekly      | 22 May 2015 - 28 May 2015 | 29 May 2015       | 🔒 |

The calendar is your pay cycle. You can have more than one calendar if you have employees that are paid on different cycles i.e. weekly and monthly.

Each employee must have a calendar assigned to them in their employment settings in order to process their pay.

**Add Pay Calendar**

Pay Period: Monthly

Name: Monthly -

Start Date: When does this pay period start?

First Payment Date: When will you first pay your employees?

Buttons: Add, Cancel

## 5.2 Adding Employees

To add employees, go to the Payroll tab and select Employees. There you will be able to see all your current employees and add new employees

The screenshot shows the Xero Payroll interface for 'Demo Company (AU)'. The 'Payroll' tab is selected, and a dropdown menu is open, highlighting the 'Employees' option. Below the menu, the 'Current Employees' section is visible, featuring a table with columns for 'First Name', 'Last Name', 'Employee Group', 'Calendar', and 'Next Payment Date'. Two employees are listed: James Lebron and Odette Garrison. An 'Add Employee' button is circled in the top right corner of the interface.

| First Name | Last Name | Employee Group | Calendar             | Next Payment Date |
|------------|-----------|----------------|----------------------|-------------------|
| James      | Lebron    |                | Fortnightly Calendar | 15 Feb 2015       |
| Odette     | Garrison  |                | Weekly Calendar      | 22 Feb 2015       |

When you add a new employee, the details Xero will require are their

- First name
- Last name
- Date of birth
- Address

You will then be able to save them as an employee. However, you will not be able to process payroll for them with only those details. To process payroll Xero will also require their

- Start date
- Payroll calendar
- Ordinary earnings rate
- Tax file number
- Employment basis

The screenshot shows the 'Employment' details page for 'Simon Demo'. The 'Employment' tab is selected, and the 'Tax Declaration' tab is also visible. The page displays various fields for employee details, including 'Start Date' (01 Feb 2015), 'Classification', 'Payroll Calendar' (Weekly Calendar), 'Employee Group', 'Holiday Group', and 'Ordinary Earnings Rate' (Ordinary Hours). There are also checkboxes for 'Authorised to Approve Leave' and 'Authorised to Approve Timesheets'.

Employment

Start Date: 01 Feb 2015  
Classification: [Empty]  
Payroll Calendar: Weekly Calendar  
Employee Group: [Empty]  
Holiday Group: [Empty]  
Ordinary Earnings Rate: Ordinary Hours  
Authorised to Approve Leave: [ ]  
Authorised to Approve Timesheets: [ ]

These details are entered into the Employment and Tax Declaration tabs. Xero will now allow you to include this

employee in Pay Runs. However you may wish to set up their pay template to make processing their pay easier.

The pay template is where you can enter their hourly rate, regular deductions, superannuation accrual, common reimbursements, and leave accrual.

The Earnings Rate is where you can enter their ordinary hourly rate, time-&-a-half rate, double-time, allowances etc. You may also enter how many hours they work per pay period if they work a set number of hours. If they work irregular hours you may wish to use the Timesheets feature.

| Earnings Rate  | Hours | Rate      | Total |
|----------------|-------|-----------|-------|
| Ordinary Hours |       | 21.000000 |       |

+ Add Earnings Line

+ Add Deduction Line

+ Add Superannuation Line

+ Add Reimbursement Line

+ Add Leave Line

To add their superannuation, select “Add Superannuation Line”. A screen will appear with the “Statutory Rate” already selected. If you haven’t negotiated another super agreement with your employee, then just click “OK”. Xero will automatically calculate their super accrual based on the current statutory rate of super accrual.

**Add a Superannuation Line**

Superannuation Fund ?  
Fund Details Pending

Contribution Type ?  
Superannuation Guarantee Contribution (SGC)

Calculation Type ?  
 Fixed Amount  
 Percentage of Earnings  
 Statutory Rate

Minimum Monthly Earnings ?  
450.00

Expense Account  
478: Superannuation

Liability Account  
826: Superannuation Payable

Payment Frequency ?  
Quarterly

Payment Date for this Period ?  
28 Apr 2015

OK Cancel

**Add a Leave Accrual Line**

Leave Type <sup>?</sup>  
Annual Leave

Calculation Type <sup>?</sup>  
 Enter Rate in Pay Template  
 Calculate Rate - Fixed Amount Each Period  
 Calculate Rate - Based on Ordinary Earnings

Hours of Leave Accrued Each Year by Full Time Employee  
152

Hours in a Weekly Pay Period for Full Time Employees  
38

OK Cancel

To accrue leave, select “Add a Leave Accrual Line” and select “Annual Leave”.

The simplest way to calculate leave is to tell Xero to calculate leave “Based on Ordinary Earnings”.

You will then need to enter 152 into the first box, and 38 hours into the second box. These proportions will ensure that Xero calculates the correct amount of leave accrued each pay period regardless of how many hours they actually work.

Repeat the process for personal/carers leave (previously called sick leave) and enter 76 hours into the first box, and 38 hours into the second box.

## 5.2 Taking Leave

When an employee takes leave, you do not need to process this at the same time that you process payroll. Leave is entered in a separate area of Xero and can be entered before payroll is processed.

Leave is processed by going to the Employee screen, selecting the employee, going to their Leave tab and clicking “Add Leave Application”.

You can then enter the details of their leave. If they took one day of leave Xero will automatically calculate 7.6 hours, but you will be able to type over that with your own hours if they did not take a full day of leave.

**Add Leave Application**

Leave Type  
Personal/Carer's Leave

Title  
Sick Leave

Description

Start Date  
03 Mar 2015

End Date  
03 Mar 2015

Pay Period  
Week ending 07 Mar 2015

Hours  
7.60

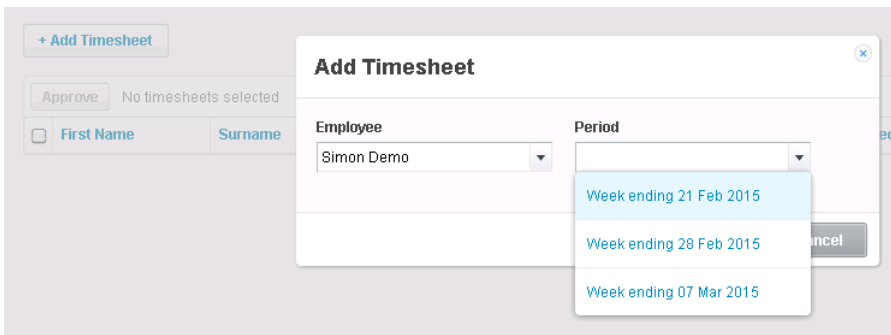
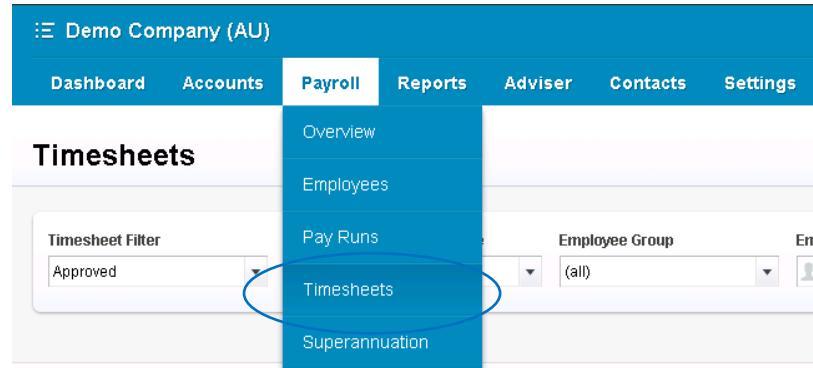
Save Cancel



## 5.3 Timesheets

Timesheets can be found under the payroll tab.

You then select “Add Timesheet”, the employee’s name, and the pay period.



You will then be able to enter the hours they worked each day and at what pay rate those hours were worked.

Once the timesheet is approved, Xero will enter the hours for each pay rate into the Pay Run for that period.

|                               |                        |                                   |                              |
|-------------------------------|------------------------|-----------------------------------|------------------------------|
| <b>Employee</b><br>Simon Demo | <b>Status</b><br>Draft | <b>Week ending</b><br>28 Feb 2015 | <b>Weekly Total</b><br>22.00 |
|-------------------------------|------------------------|-----------------------------------|------------------------------|

| Earnings Rate                      | Sun<br>22 Feb | Mon<br>23 Feb | Tue<br>24 Feb | Wed<br>25 Feb | Thu<br>26 Feb | Fri<br>27 Feb | Sat<br>28 Feb | Hours |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| Ordinary Hours                     | 0.00          | 5.00          | 0.00          | 3.00          | 0.00          | 8.00          | 0.00          | 16.00 |
| Overtime Hours (Double Time Hours) | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 2.00          | 4.00          | 6.00  |
| <b>+ Add another line</b>          | 0.00          | 5.00          | 0.00          | 3.00          | 0.00          | 10.00         | 4.00          | 22.00 |

Delete Timesheet
Save Draft
Approve
Cancel

## 5.4 Processing Payroll

To process payroll, go to the Payroll tab and select Pay Runs. Xero will show you your Pay Run history and a draft Pay Run (there can only be one draft Pay Run at any time).

The screenshot shows the Xero Payroll interface for 'Demo Company (AU)'. The 'Payroll' tab is selected, and a dropdown menu is open, highlighting 'Pay Runs'. Below the menu, the 'Draft Pay Run' section shows a summary table with columns: Calendar, Period, Payment Date, Wages, Tax, Super, and Net Pay. The 'Pay Run History' section shows a list of past pay runs with the same columns.

| Calendar        | Period                  | Payment Date | Wages  | Tax   | Super | Net Pay |
|-----------------|-------------------------|--------------|--------|-------|-------|---------|
| Weekly Calendar | Week ending 21 Feb 2015 | 22 Feb 2015  | 735.00 | 90.00 | 66.15 | 645.00  |

| Calendar             | Period                       | Payment Date | Wages    | Tax      | Super  | Net Pay  |
|----------------------|------------------------------|--------------|----------|----------|--------|----------|
| Weekly Calendar      | Week ending 14 Feb 2015      | 15 Feb 2015  | 1,008.00 | 180.00   | 90.72  | 828.00   |
| Weekly Calendar      | Week ending 07 Feb 2015      | 08 Feb 2015  | 1,179.00 | 131.00   | 106.11 | 1,048.00 |
| Weekly Calendar      | Week ending 31 Jan 2015      | 01 Feb 2015  | 2,244.50 | 439.00   | 182.16 | 1,805.50 |
| Fortnightly Calendar | Fortnight ending 31 Jan 2015 | 01 Feb 2015  | 6,094.25 | 1,032.00 | 544.88 | 4,862.25 |
| Weekly Calendar      | Week ending 24 Jan 2015      | 25 Jan 2015  | 1,527.00 | 213.00   | 137.43 | 1,314.00 |

When you select “Add Pay Run” Xero will ask you which pay period you would like to process, ie. weekly, fortnightly, monthly, etc. These are called pay calendars. Employees must have a pay calendar assigned to them to be able to process their pay.

Once you have selected the pay period, Xero will show you the employees who are assigned to that pay calendar. Xero will also give you a summary of their pay if their hours have been entered, either because a timesheet has been approved or because their fixed hours have been entered in their pay template.

The 'Add a Pay Run' dialog box is shown with a dropdown menu open. The options are: 'Fortnightly Calendar: Fortnight ending 14 Feb 2015', 'Weekly Calendar: Week ending 21 Feb 2015', and 'Unscheduled pay run'.

Pay Runs > Week ending 21 Feb 2015

### Week ending 21 Feb 2015

|          |        |                |          |        |              |
|----------|--------|----------------|----------|--------|--------------|
| Earnings | PAYG   | Superannuation | Net Pay  | Status | Payment Date |
| 1,207.50 | 120.00 | 66.15          | 1,087.50 | Draft  | 22 Feb 2015  |

#### 3 Employees Included

| First name ▲ | Last name | Employee Group | Last Edited | Earnings | Tax   | Super | Net pay | Included ▼ |
|--------------|-----------|----------------|-------------|----------|-------|-------|---------|------------|
| Odette       | Garrison  |                |             | 735.00   | 90.00 | 66.15 | 645.00  | ✓          |
| Simon        | Demo      |                |             | 472.50   | 30.00 | 0.00  | 442.50  | ✓          |
| Tracy        | Green     |                |             | 0.00     | 0.00  | 0.00  | 0.00    | ✓          |

You can then click on each employee to view and adjust all their pay details. The hours shown below have been entered from an approved timesheet.

☰ Demo Company (AU)

Dashboard Accounts **Payroll** Reports Adviser Contacts Settings

Pay Runs [Week ending 21 May 2015](#) [Odette Garrison](#)

**Week ending 21 May 2015**

*After saving, go back to the Pay Run summary*

Employee ▾ **Simon Demo** Employee's Net Pay **442.50**

| Earnings Rate                       | Hours        | Rate        | Total         |
|-------------------------------------|--------------|-------------|---------------|
| Ordinary Hours                      | 15.0000      | 21.000000   | 315.00        |
| <b>Earnings Rate</b>                | <b>Hours</b> | <b>Rate</b> | <b>Total</b>  |
| Overtime Hours (Double Time Hours)  | 5.0000       | 31.500000   | 157.50        |
| <a href="#">+ Add Earnings Line</a> |              |             | <b>472.50</b> |

|                                      |             |
|--------------------------------------|-------------|
| <a href="#">+ Add Deduction Line</a> | <b>0.00</b> |
|--------------------------------------|-------------|

| Tax Type   | Amount       |
|--|--------------|
| PAYG Tax - With tax-free threshold, no leave loading | 30.00        |
| <a href="#">+ Add Tax Line</a>                       | <b>30.00</b> |

|   |             |
|---|-------------|
| <a href="#">+ Add Superannuation Line</a> | <b>0.00</b> |
|---|-------------|

|  |             |
|--|-------------|
| <a href="#">+ Add Reimbursement Line</a> | <b>0.00</b> |
|--|-------------|

|                                   |               |
|-----------------------------------|---------------|
| <b>Total Payment for Employee</b> | <b>Total</b>  |
| Manual Payment                    | 442.50        |
|                                   | <b>442.50</b> |

| Leave Type   | Hours                 |
|--------------|-----------------------|
| Annual Leave | 1.1507 <span>✕</span> |

[Reset Payslip](#) [Save](#) [Save & Next](#) [Close](#)

When you are satisfied that each of the employee's details are correct, you can post the Pay Run.

Pay Runs > Week ending 21 Feb 2015

## Week ending 21 Feb 2015

|                             |                       |                                |                            |                        |                                    |
|-----------------------------|-----------------------|--------------------------------|----------------------------|------------------------|------------------------------------|
| Earnings<br><b>1,207.50</b> | PAYG<br><b>120.00</b> | Superannuation<br><b>66.15</b> | Net Pay<br><b>1,087.50</b> | Status<br><b>Draft</b> | Payment Date<br><b>22 Feb 2015</b> |
|-----------------------------|-----------------------|--------------------------------|----------------------------|------------------------|------------------------------------|

### 3 Employees Included

| First name ▲ | Last name | Employee Group | Last Edited | Earnings | Tax   | Super | Net pay | Included ▼ |
|--------------|-----------|----------------|-------------|----------|-------|-------|---------|------------|
| Odette       | Garrison  |                |             | 735.00   | 90.00 | 66.15 | 645.00  | ✓          |
| Simon        | Demo      |                |             | 472.50   | 30.00 | 0.00  | 442.50  | ✓          |
| Tracy        | Green     |                |             | 0.00     | 0.00  | 0.00  | 0.00    | ✓          |

+ Add a payslip message

Delete Pay Run

Reset Pay Run

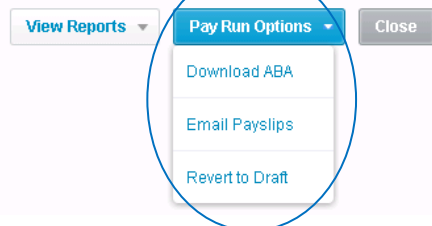
View Reports

Post Pay Run

Close

After you have posted the Pay Run you will be able to

1. Download the ABA for use with business bank accounts
2. Email the payslips to your employees
3. Revert the Pay Run back to draft mode if you need to make adjustments



## 5.5 Reconciling Wages From The Bank

When you post the Pay Run, Xero will automatically post the following journal entry.

|                          | Dr             | Cr             |
|--------------------------|----------------|----------------|
| <b>Example</b>           |                |                |
| Gross Wages              | \$1,000        |                |
| PAYGW Liability          |                | \$250          |
| Acc. 804 - Wages Payable |                | \$750          |
| Super Expense            | \$50           |                |
| Super Liability          |                | \$50           |
| <b>Total</b>             | <b>\$1,050</b> | <b>\$1,050</b> |

You'll notice that the net wages (Gross wage minus PAYGW) is allocated to the 804 account. This is a clearing account. This is the account that you will allocate wages to when you are reconciling your bank account. Your 804 account should then equal zero.

*Allocate wages to the 804 account when you are reconciling the bank.*

Match Create Transfer Discuss Find & Match

Who John Smith NEW What 804 - Wages Payable - Payroll

Why Wages

Region BAS Excluded Add details



## 6. Automatic Superannuation





## 6. Automatic Superannuation

### 6.1 About this Feature

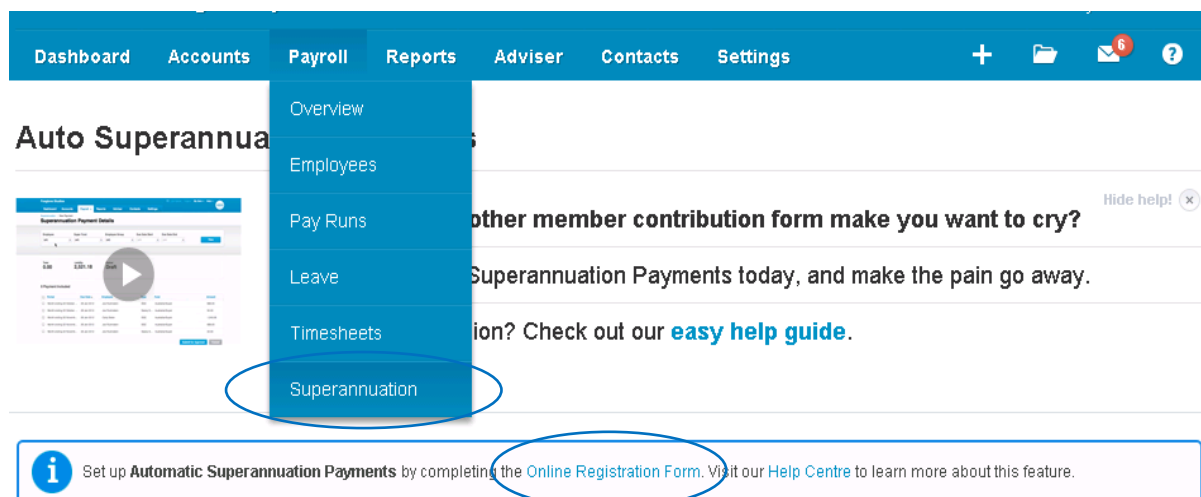
Xero's Automatic Superannuation feature is available with Xero subscriptions that accommodate more than one employee, ie. the Premium 5 version or higher.

It is a SuperStream compliant method for making a batch superannuation payment for all of your employees. You will be able to customise these batch payments and select individual super payments for each employee according to each payrun that has been processed. These payments will then be direct debited out of your bank account in a lump sum and be sent to each of the employees' superfunds based on their super details recorded in Xero.

It is the only feature in Xero that is able to make a payment from your bank. This is why there are added security checks to this feature.

### 6.2 Stetting up Automatic Superannuation

Before you can use the Automatic superannuation feature you will need to fill out the online registration form.

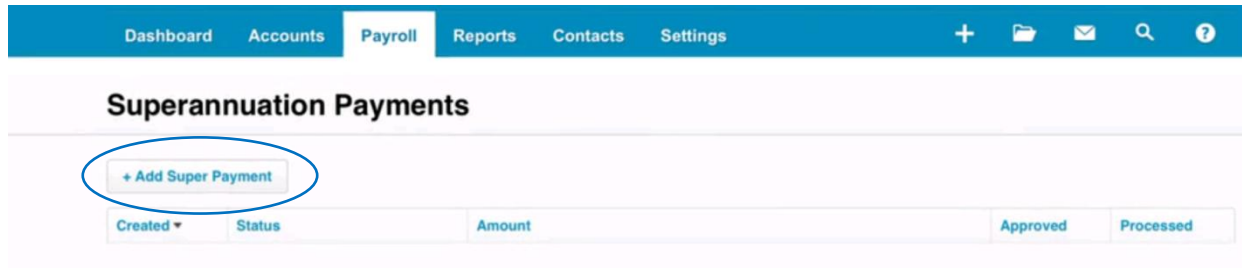


The online registration form will ask you details about the

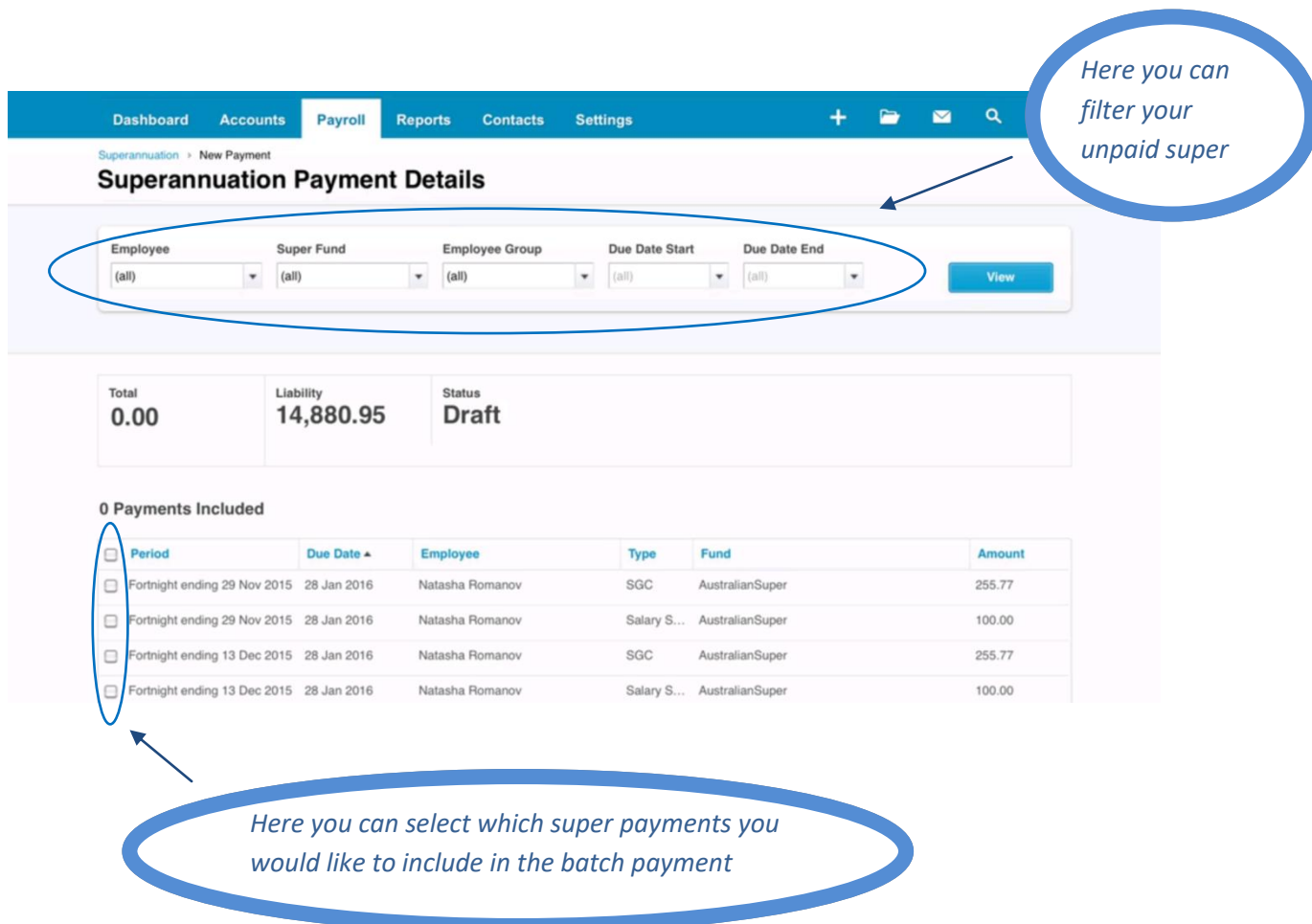
- Business ABN and name
- Business bank account details
- Commencement date of Automatic Superannuation payments (this can be in the past)
- Details of the person authorized to make payment

## 6.3 Paying Super with Automatic Superannuation

Once the online registration form has been processed you will be able to start paying your super through Xero by clicking + Add Super Payment.



Xero will then show you all the unpaid super accrued through the payruns. From these you will be able to select which payments you want to include in the batch super payment.



Once you've selected which super payments you want to include in the batch payment, click the Submit For Approval button at the bottom of the page.

|                                     |                              |             |                 |     |                 |        |
|-------------------------------------|------------------------------|-------------|-----------------|-----|-----------------|--------|
| <input checked="" type="checkbox"/> | Fortnight ending 24 Jan 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 255.77 |
| <input checked="" type="checkbox"/> | Fortnight ending 10 Jan 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 255.77 |
| <input checked="" type="checkbox"/> | Fortnight ending 07 Feb 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 152.00 |
| <input checked="" type="checkbox"/> | Fortnight ending 24 Jan 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 255.77 |

The batch payment will then appear as Pending Approval

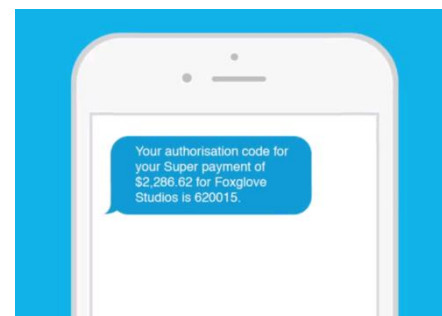
Dashboard Accounts Payroll Reports Contacts Settings

### Superannuation Payments

✔ The payment batch has been submitted successfully.

| Created ▾   | Status           | Amount   | Approved | Processed |
|-------------|------------------|----------|----------|-----------|
| 02 Mar 2016 | Pending Approval | 2,286.62 |          |           |

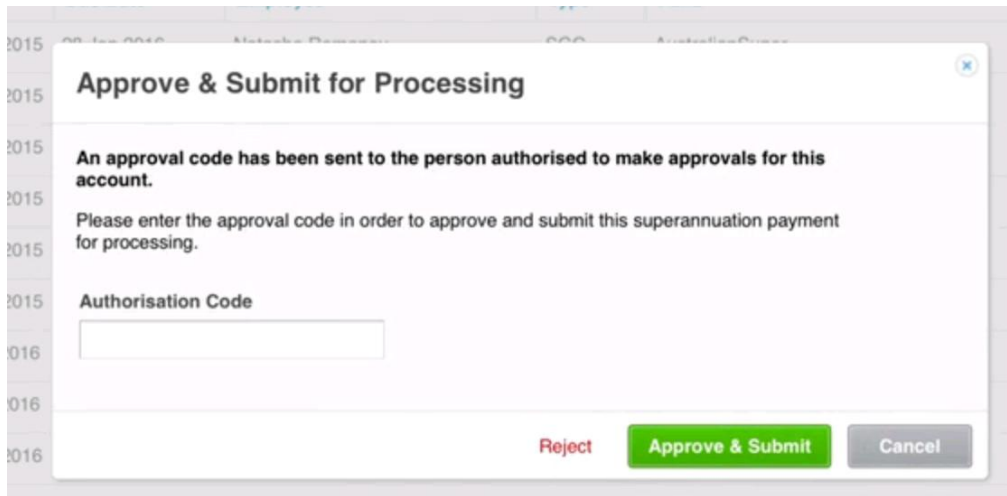
The person who has been listed as the super payment authoriser will then receive a text with a code to approve the batch payment. They will also receive an email to inform them that they have been sent a text with the authorisation code.



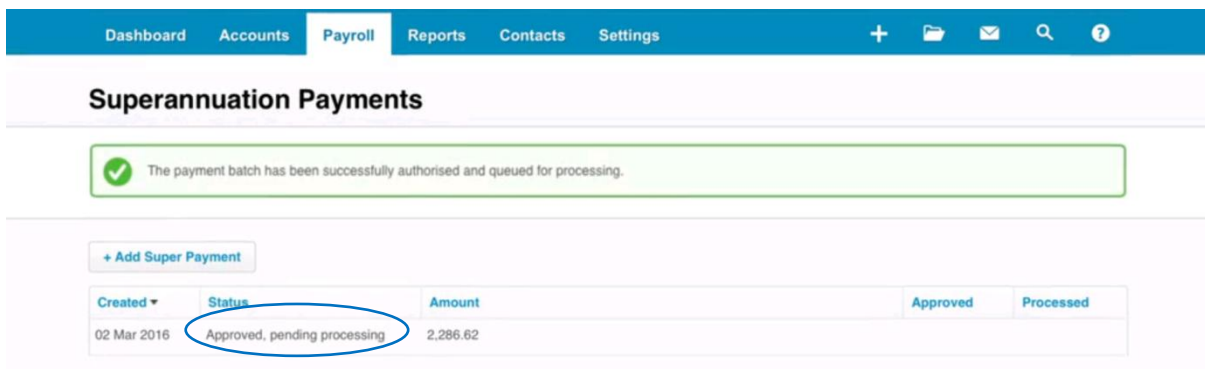
When the authoriser logs into Xero, they will be able click on the batch payment pending approval and review all the super payments included. They will then be able approve or delete the batch payment.

|                              |             |                 |     |                 |        |
|------------------------------|-------------|-----------------|-----|-----------------|--------|
| Fortnight ending 24 Jan 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 255.77 |
| Fortnight ending 10 Jan 2016 | 28 Apr 2016 | Natasha Romanov | SGC | AustralianSuper | 255.77 |

If the authoriser approves the batch payment, they will be prompted to input the authorisation code sent to them via text message.

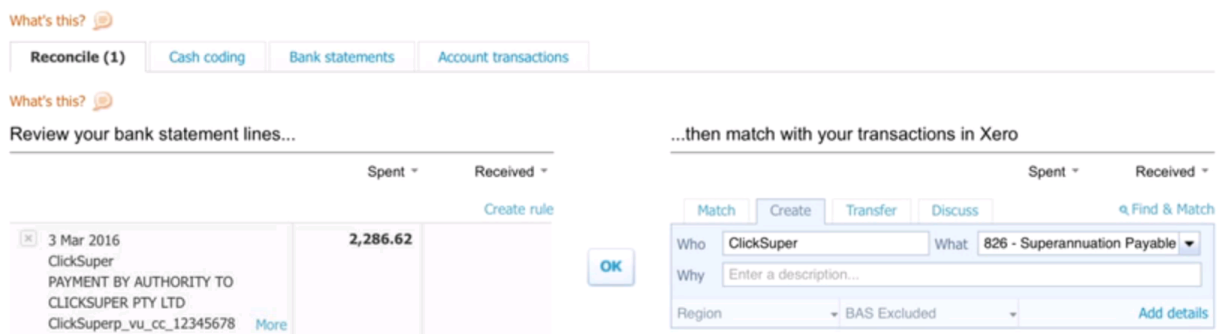


The batch payment will then appear as being approved and pending processing. After a few days you will see the batch payment direct debited from your nominated bank account.



### 6.3.1 Reconciling the Batch Super Payment

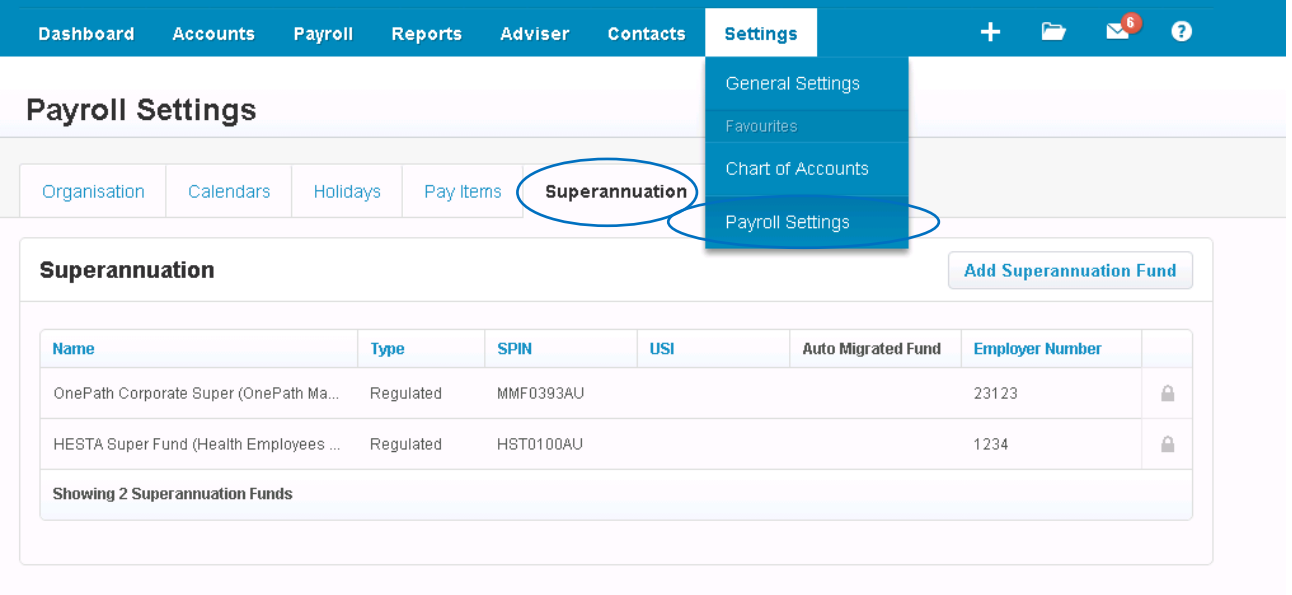
If the nominated bank account has bank feeds set up, then you will see the payment appear in Xero waiting to be reconciled. This payment should to be reconciled to the Super Payable account.



## 6.4 Entering Employee Superannuation Details

To use the Automatic Superannuation feature in Xero, it is necessary to have the details of the employee's superfund and the employee's member number recorded in Xero.

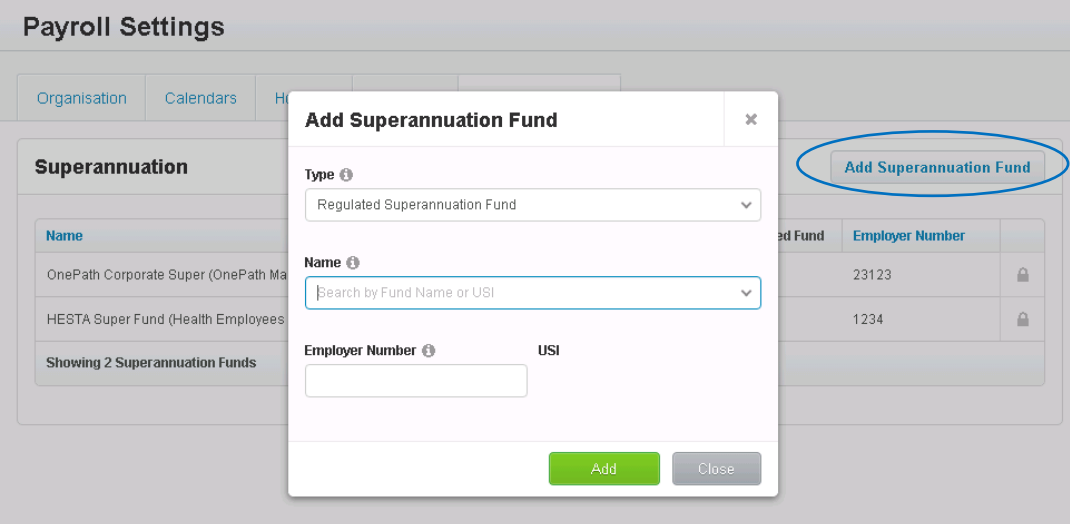
The first step is to add the relevant superfunds into Xero's payroll settings.



The screenshot shows the Xero interface with the 'Settings' menu open. The 'Payroll Settings' option is selected. The 'Superannuation' tab is active, displaying a table of existing superfunds. A blue circle highlights the 'Superannuation' tab, and another blue circle highlights the 'Add Superannuation Fund' button.

| Name                                   | Type      | SPIN      | USI | Auto Migrated Fund | Employer Number |   |
|--|-----------|-----------|-----|--------------------|-----------------|---|
| OnePath Corporate Super (OnePath Ma... | Regulated | MMF0393AU |     |                    | 23123           | 🔒 |
| HESTA Super Fund (Health Employees ... | Regulated | HST0100AU |     |                    | 1234            | 🔒 |

Showing 2 Superannuation Funds



The screenshot shows the 'Add Superannuation Fund' dialog box open over the 'Superannuation' section. The dialog box contains the following fields:

- Type: Regulated Superannuation Fund
- Name: Search by Fund Name or USI
- Employer Number: [Empty field]
- USI: [Empty field]

Buttons: Add (green), Close (grey). A blue circle highlights the 'Add Superannuation Fund' button in the background.

The next step is to add the employees super details into their employee details.

The screenshot shows a software interface with a top navigation bar containing 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. Below this, the breadcrumb 'Employees > Odette Garrison' is visible. The main heading is 'Employment'. A summary row displays 'Employee Name' as 'Odette Garrison', 'Salary' with a 'View' button, 'Earnings YTD' with a 'View' button, and 'Next Payment Date' as '22 Mar', followed by an 'Options' dropdown. Below the summary is a horizontal menu with tabs: 'Details', 'Employment' (circled in blue), 'Taxes', 'Leave', 'Bank Accounts', 'Payslips', 'Pay Template', 'Opening Balances', and 'Notes'.

### Employment

The 'Employment' form contains several fields: 'Start Date' (04 Mar 2016), 'Classification' (empty), 'Payroll Calendar' (Weekly Calendar), 'Employee Group' (empty), 'Holiday Group' (None), and 'Ordinary Earnings Rate' (Ordinary Hours). At the bottom, there are two checkboxes: 'Authorised to Approve Leave' and 'Authorised to Approve Timesheets', both of which are unchecked.

### Superannuation Memberships

The 'Superannuation Memberships' section shows a list with one entry: 'HESTA Super Fund (Health Employees Superannuation Trust Australia) - SPIN' with the member number '1234123'. Below the list is a '+ Add a super membership' button (circled in blue), a green 'Save' button, and a grey 'Cancel' button.

The 'Add a Superannuation Membership' dialog box has a 'Fund' dropdown menu and an 'Employee Number' input field. The dropdown menu is open, showing two options: 'HESTA Super Fund (Health Employees Superannuation Trust Australia) - SPIN' and 'OnePath Corporate Super (OnePath Masterfund) - SPIN'. There are 'OK' and 'Cancel' buttons at the bottom of the dialog.

The + Add a super membership button will prompt you to select the employees superannuation fund and to enter their member number. You will now be able to make super payments for the employees.

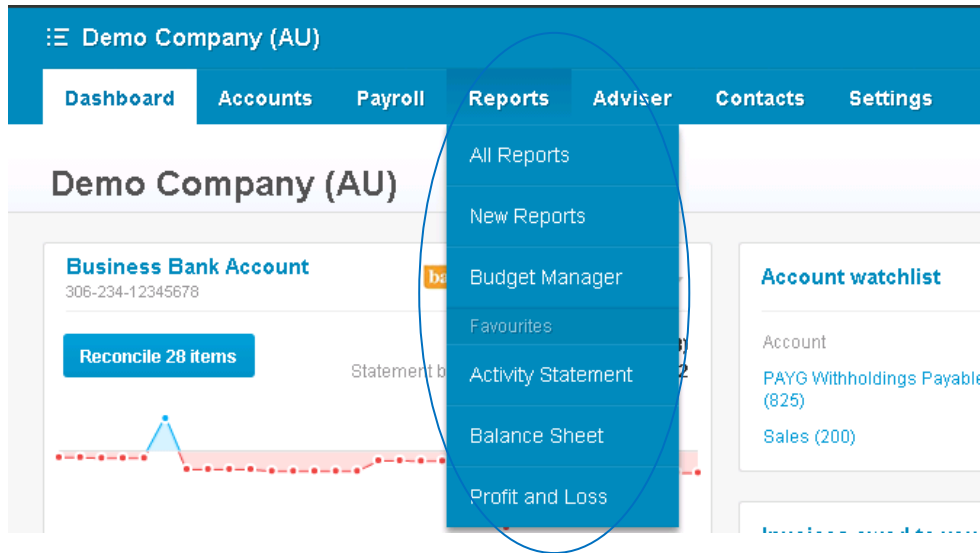
## 7. Reports





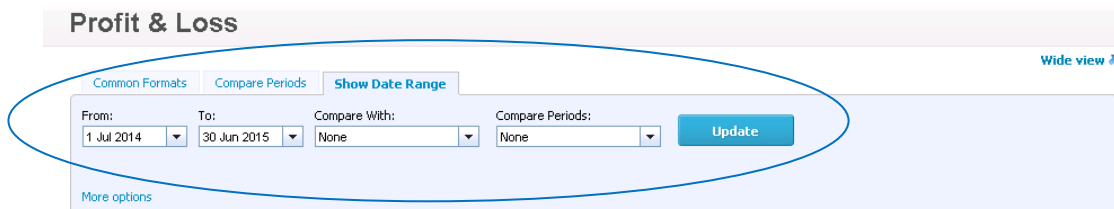
# 7. Reports

The Reports tab can be found along the top menu bar. You can either view all reports or go directly to your favourite reports.



## 7.1 Profit & Loss Statement

The most common report is Profit and Loss report. This will show you your income and expenditure for a chosen time period. You can also compare the chosen period with another period.



**Profit & Loss**  
Demo Company (AU)  
1 July 2014 to 30 June 2015

[Add Summary](#)

|                                | 30 Jun 15        |
|--------------------------------|------------------|
| <b>Income</b>                  |                  |
| Sales                          | 45,151.05        |
| <b>Total Income</b>            | <b>45,151.05</b> |
| <b>Less Cost Of Sales</b>      |                  |
| Purchases                      | 763.64           |
| <b>Total Cost Of Sales</b>     | <b>763.64</b>    |
| <b>GROSS PROFIT</b>            | <b>44,387.41</b> |
| <b>Less Operating Expenses</b> |                  |
| Advertising                    | 4,102.91         |
| Bank Fees                      | 331.50           |
| Cleaning                       | 465.00           |
| Consulting & Accounting        | 98.00            |
| Entertainment                  | 277.20           |
| Freight & Courier              | (9.09)           |
| General Expenses               | 1,085.05         |
| Legal expenses                 | 4,090.91         |
| Light, Power, Heating          | 1,644.79         |

## 7.2 Superannuation Accruals

To know how much super is owed to your employees, view the superannuation accruals reports. Then group the payments by employee to see how much is owed to each employee.

### Payroll

- Leave Balances
- Payroll Activity Details
- Payroll Activity Summary
- Payroll Employee Summary
- Superannuation Accruals**
- Superannuation Payments
- ...

## Superannuation Accruals

### REPORT ON

Employees All

Date Range Last Quarter

Contribution type All

Super fund All

Update

11 Results

| Employee        | Employee Group | Employee Number | Standard View              |
|-----------------|----------------|-----------------|----------------------------|
| James Lebron    | None           | 1234            | Group by Employee          |
| James Lebron    | None           | 1234            | Group by Employee Group    |
| Odette Garrison | None           | 1234123         | Group by Super Fund Name   |
| Odette Garrison | None           | 1234123         | Group by Contribution Type |
| Oliver Gray     | None           | 12345           | OnePath Corporate Super    |
| Sally Martin    | None           | 1231412         | HESTA Super Fund           |

## 7.3 Wages Reconciliation

To ensure that the wages paid from the bank match the wages processed through payroll, view the Account Transactions report and select the '804 - Wages Payable - Payroll' account.

In the Debit columns this report shows the wages paid out of the bank. The Credit column shows wages processed through payroll. If the closing balance is not nil, then you may have either underpaid or overpaid someone, or you may not have processed payroll correctly.

**Accounting**

- ☆ Account Transactions New
- ☆ Bank Reconciliation Summary
- ☆ Contact Transactions - Summary New
- ☆ Foreign Currency Gains and Losses
- ☆ General Ledger



**Account Transactions**

Accounts:

Date Range:     [Report Settings](#)

| Date                                 | Source          | Description   | Reference                       | Debit            | Credit           | Gross      | GST |
|--------------------------------------|-----------------|---------------|---------------------------------|------------------|------------------|------------|-----|
| 17 Mar 2016                          | Spend Money     | Wages         |                                 | 1,000.00         | -                | (1,000.00) | -   |
| 17 Mar 2016                          | Spend Money     | Wages         |                                 | 817.00           | -                | (817.00)   | -   |
| 24 Mar 2016                          | Spend Money     | Wages         |                                 | 1,000.00         | -                | (1,000.00) | -   |
| 24 Mar 2016                          | Spend Money     | Wages         |                                 | 435.00           | -                | (435.00)   | -   |
| 24 Mar 2016                          | Spend Money     | Wages         |                                 | 817.00           | -                | (817.00)   | -   |
| 24 Mar 2016                          | Spend Money     | Wages         |                                 | 1,200.00         | -                | (1,200.00) | -   |
| 24 Mar 2016                          | Payroll Expense | Wages Payable | Payroll Expense Journal - PD-53 | -                | 3,305.00         | 3,305.00   | -   |
| 29 Mar 2016                          | Receive Money   | Wages         |                                 | -                | 300.00           | 300.00     | -   |
| 31 Mar 2016                          | Spend Money     | Wages         |                                 | 1,200.00         | -                | (1,200.00) | -   |
| 31 Mar 2016                          | Payroll Expense | Wages Payable | Payroll Expense Journal - PD-56 | -                | 2,635.00         | 2,635.00   | -   |
| 31 Mar 2016                          | Spend Money     | Wages         |                                 | 1,000.00         | -                | (1,000.00) | -   |
| <b>Total Wages Payable - Payroll</b> |                 |               |                                 | <b>33,768.00</b> | <b>33,768.00</b> | -          | -   |
| <b>Closing Balance</b>               |                 |               |                                 | -                | -                | -          | -   |

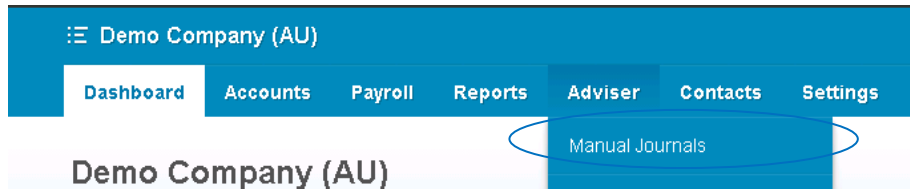


## 8. Manual Journals



## 8. Manual Journals

Manual Journals can be found under the Adviser tab. These are for making adjustments in Xero that cannot be done through the bank accounts.



If you need to create a manual journal, you will need to have knowledge of debits and credits and how they relate to each type of account. It is recommended that you seek advice from an accountant or bookkeeper if you are unsure what to do.

**i** We recommend that only your accountant or bookkeeper create journals, unless you have experience managing your general ledger.

The screenshot shows the 'Draft' form for creating a manual journal. It includes fields for 'Narration' (To reallocate Region), 'Date' (30 Jun 2016), and 'Auto Reversing Date'. There are checkboxes for 'Default narration to journal line description' and 'Show journal on cash basis reports'. A table lists journal lines with columns for Description, Account, Tax Rate, Region, Debit AUD, and Credit AUD. The table shows two lines: one for 'Eastside' and one for 'North'. A 'Subtotal' row shows 500.00 debit and 500.00 credit, with a note 'Includes GST at 10.00%' and 45.45 debit and 45.45 credit. A 'TOTAL' row shows 500.00 debit and 500.00 credit. The form has buttons for 'Add a new line', 'Save as draft', 'Post', and 'Cancel'. Annotations highlight the 'Tax Inclusive' dropdown and the 'Post' button.

| Description            | Account     | Tax Rate      | Region   | Debit AUD     | Credit AUD    |
|------------------------|-------------|---------------|----------|---------------|---------------|
| To reallocate Region   | 200 - Sales | GST on Income | Eastside | 500.00        |               |
| To reallocate Region   | 200 - Sales | GST on Income | North    |               | 500.00        |
| Subtotal               |             |               |          | 500.00        | 500.00        |
| Includes GST at 10.00% |             |               |          | 45.45         | 45.45         |
| <b>TOTAL</b>           |             |               |          | <b>500.00</b> | <b>500.00</b> |

You may need to ensure that the journal is tax inclusive

## 9. Notes









