

Coursebook for Xero Accounting 2020

With Covid-
19 Updates



Beautiful
accounting
software

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Xero advisor
certified



The Golden Rules of Accounting

There are three types of Accounts

1. Personal Account

Debit the Receiver, Credit the Giver

This principle is used in the case of personal accounts. When a person gives something to the organization, it becomes an inflow and therefore the person must be credit in the books of accounts. The converse of this is also true, which is why the receiver needs to be debited. (e.g. Directors Loan Account)

2. Real Account

Debit What Comes In, Credit What Goes Out

This principle is applied in case of real accounts. Real accounts involve machinery, land and building etc. They have a debit balance by default. Thus, when you debit what comes in, you are adding to the existing account balance. This is exactly what needs to be done. Similarly, when you credit what goes out, you are reducing the account balance when a tangible asset goes out of the organization. (e.g. Cash Account, Furniture A/C)

3. Nominal Account

Debit All Expenses and Losses, Credit All Incomes and Gains

This rule is applied when the account in question is a nominal account. The capital of the company is a liability. Therefore, it has a default credit balance. When you credit all incomes and gains, you increase the capital and by debiting expenses and losses, you decrease the capital. This is exactly what needs to be done for the system to stay in balance. (e.g. Telephone Exp. A/C, Salary Exp. A/C)

*****Introduction to Xero and your Tutor*****

*****Course highlights*****

This online presentation is intended to provide user with the knowledge he would need to use Xero Accounts', from setting up a company to preparing final accounts – that is starting from scratch to managing accounts for a company independently. I shall also cover the fundamentals of double- entry bookkeeping – an important aspect of Accounting along with other helpful tips and advice.

This Course shall help:

⇒ **Beginner Level –**

To understand the concept of Xero accounting and implement in practice – by forming a Demo company.

⇒ **Intermediate Level –**

To enhance your knowledge further and implement it in more proficient way to apply using double Entry bookkeeping fundamentals along with other areas like payroll and VAT.

⇒ **Advance Level –**

Preparation of Companies management and final Accounts and Reporting along with other advanced features required to meet HMRC regulations.

Scenario



DSK Properties Limited (Not a real company)

205, Business Park

London

NW2 9UW

United Kingdom

You work as a bookkeeper for DSK Properties Limited, a Commercial Property development company in the United Kingdom. The business is registered for value added tax (VAT) and up to the close of business at the end of this year did all its accounting using local desktop accounting software.

To comply with HMRC's new legislation called Making Tax Digital (MTD), company must maintain the record digitally. Xero accounting software, one of the approved software by HMRC and is compliant with MTD. The year-end closing balances have now been transferred into a computerised accounts package. The directors are Robert Brown and Karin Brown. They have 3 full time staff in house. The Accountant is Brighton Accountants, London.

This assignment contains several tasks which take the form of a set of exercises which require you to either input data to the accounting system or extract information from the accounting system as reports.

Note the VAT registration number is **GB159753456**. VAT is at 20%. They use a **cash accounting scheme** for Vat.

Date of Incorporation of company 01.04.2016, The company Registration Number is 13856698.

The day we begin using Xero Accounting software is 1st April 2019. The Financial year of the company is 1.4.2019 to 31.3.2020.

Instructions to candidates

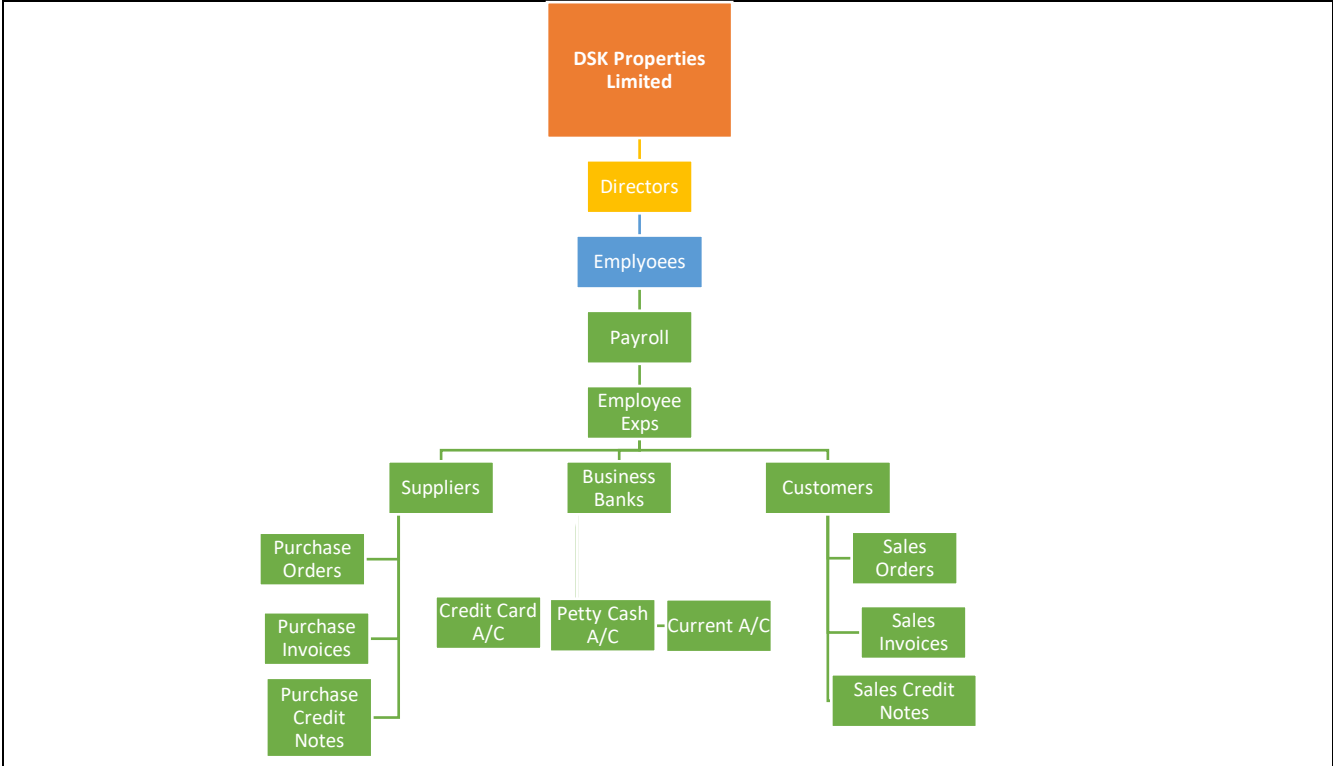
You are required to complete all the tasks as listed below in contents

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Organisation Chart



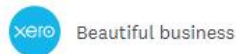
⇒ Beginner Level

1. Getting Started

a) Setting up / Creating Company

TASK 1: Setting up/creating a new company (Entering Organisation and financial details)

<https://www.xero.com/uk/signup/>




Try every Xero feature free for 30 days

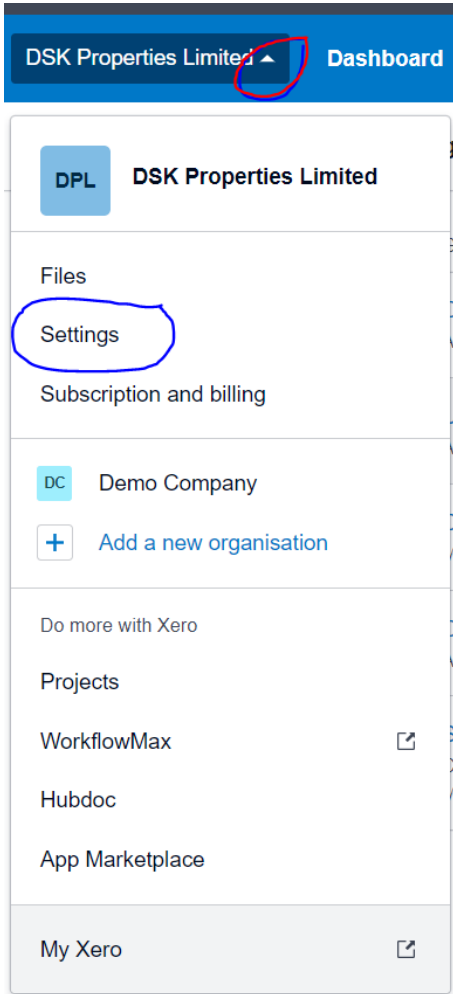
All features included, add unlimited users, free 24/7 support, no credit card required.

Quick and easy setup in minutes.

Country

 I'm not a robot 
 I have read and I agree to the [terms](#), [privacy](#) and [offer details](#)
 Please don't send me any marketing communications

➤ Step 1: Click on dropdown arrow next your company name (See screenshot below)



➤ *Step 2: Click on Organisation details (See screenshot below)*

Organisation settings

General

Organisation details Address, logo and basic financial information
Users Add, remove or modify users of this organisation
Currencies Manage the currencies your business uses
Connected Apps Add and manage third party connections to Xero
Subscription and billing Change plan and update credit card details Managed by Ujjwala Dsouza

➤ *Step 3: Click on Advance Settings ((See screenshot below)*

[Looking for advanced settings?](#)

➤ *Step 4: Click on Financial Settings (See screenshot below)*

Advanced settings

☆ [Financial settings](#)
Edit financial settings like tax periods and lock dates

b) Entering Organisation and Financial Details

To complete the Task 1 please use below details:

Company Name: **DSK Properties Limited**

205, Business Park

London

NW2 9UW

United Kingdom

Tel. 0208 6552336

Email: finance@dsk.co.uk

Website: www.dskprop.co.uk

Financial Year: 1.4.2019 to 31.3.2020

Vat Reg. No. GB159753456

Apply Cash Accounting scheme for Vat

Currency – Pound Sterling (GBP)

2. Setting up of the System

a) Virtual Tour of Xero Accounts

– **Please watch the video**

b) Add Business Bank Accounts and Cash Account

- *Step 1: Select Accounting*
- *Step 2: Select Chart of Accounts*
- *Step 3: Add Bank Account*

DSK Properties Limited ▾ Dashboard Business **Accounting** Payroll C

Advanced accounting >

Chart of accounts

Categorise every
Financial reports c
Learn more about

i You're using the default chart of accounts. You can

+ Add Account + **Add Bank Account** Print PDF

All Accounts Assets Liabilities Equity Expe

What's this? ⓘ

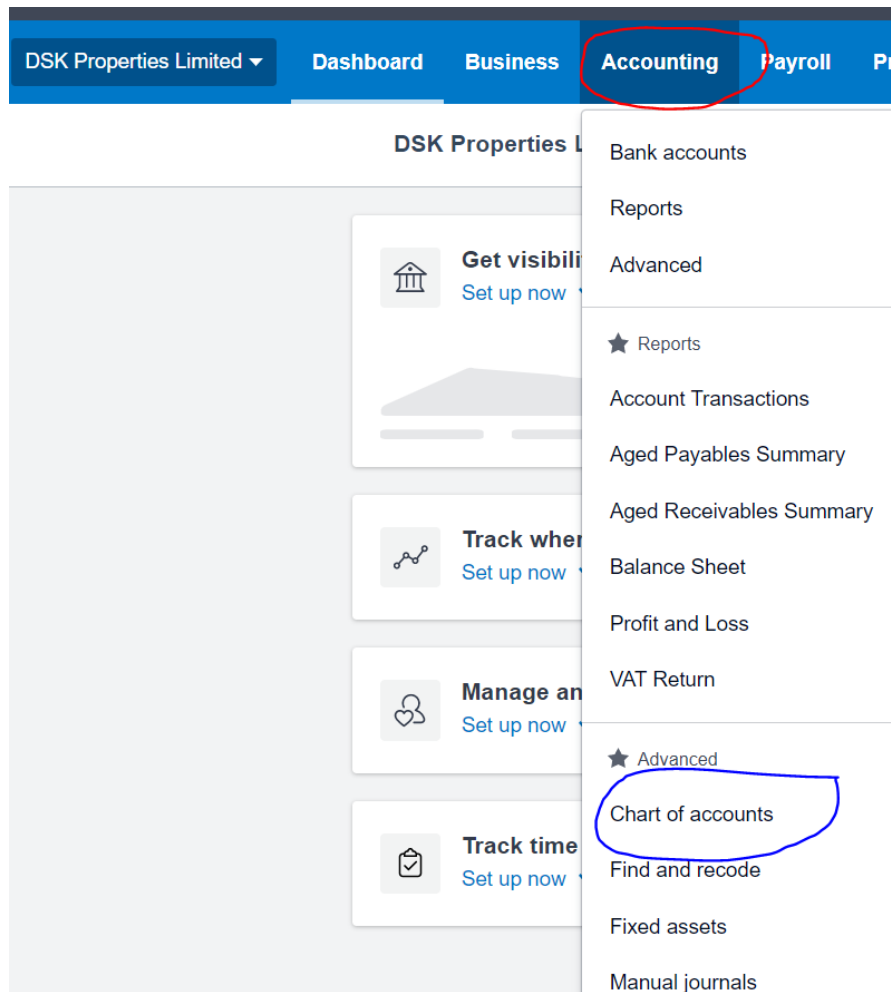
Delete Archive Change Tax Rate No accounts

<input type="checkbox"/>	Code ▲	Name
<input type="checkbox"/>	200	Sales Income from any normal business activity

- 1) National Business Bank Current Account (Use Account Code 001)
- 2) National Business Bank Credit Card Account (Use Account Code 002)
- 3) Petty Cash Account (Use Account Code 003)

c) Chart of Accounts and conversion balances

➤ *Step 1: Accounting >Chart of Accounts*



➤ *Step 2: Edit, Amend and Save*

Edit and modify the highlighted nominal account names:

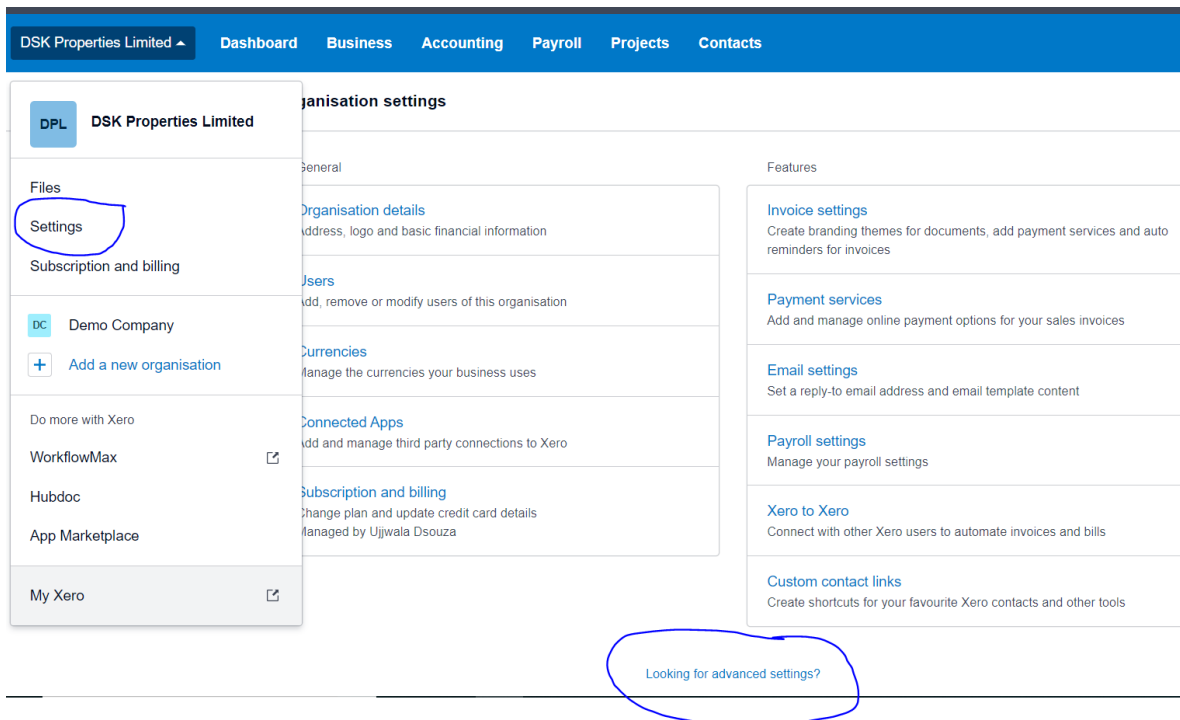
DSK Properties Limited

Trial Balance for the year ended 31.03.2019

N/C	Name
825	P.A.Y.E. – Payable to HMRC
826	National Insurance-Payable to HMRC
947	Student Loan – Payable to HMRC
858	Pension Fund-Payable to Pension Fund Co.
500	Corporation Tax Payable

Entering Conversion balances

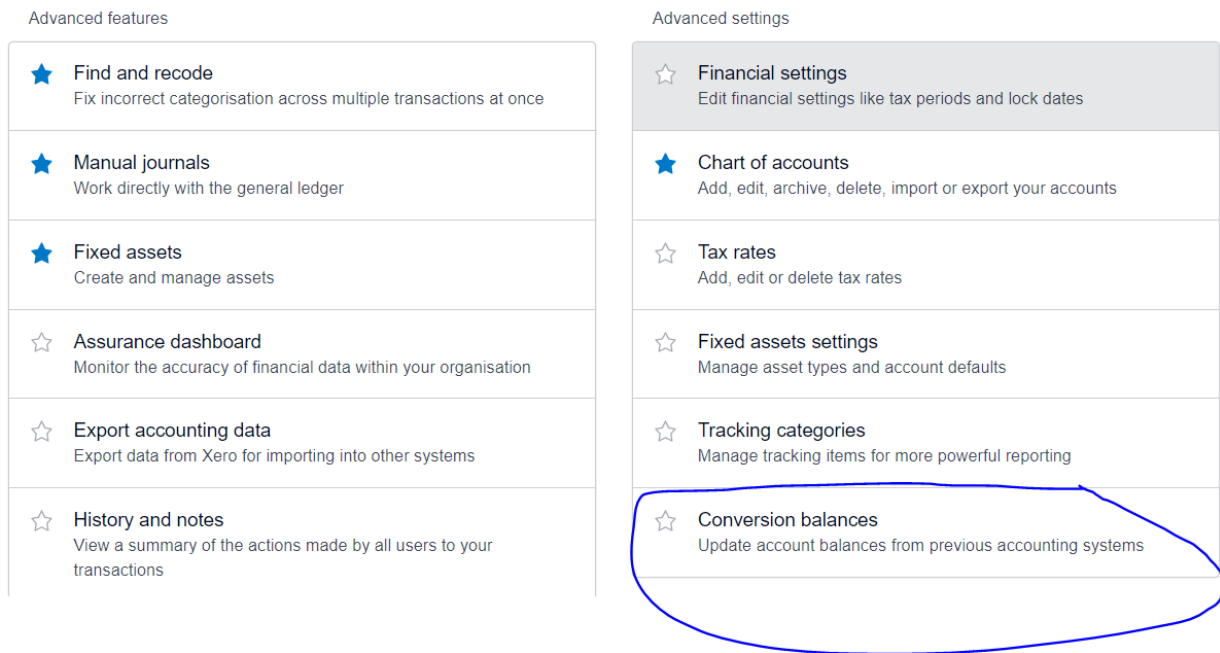
➤ Step 1: Settings>Advanced Settings



The screenshot shows the Xero Accounting interface. At the top, a navigation bar includes 'DSK Properties Limited', 'Dashboard', 'Business', 'Accounting', 'Payroll', 'Projects', and 'Contacts'. Below this, a sidebar on the left contains a dropdown menu for 'DSK Properties Limited' with options: 'Files', 'Settings' (circled in blue), 'Subscription and billing', 'Demo Company', and 'Add a new organisation'. The main content area is titled 'Organisation settings' and is divided into two columns. The left column contains sections: 'General' (Organisation details), 'Users', 'Currencies', 'Connected Apps', and 'Subscription and billing'. The right column is titled 'Features' and includes: 'Invoice settings', 'Payment services', 'Email settings', 'Payroll settings', 'Xero to Xero', and 'Custom contact links'. At the bottom of the page, a link 'Looking for advanced settings?' is circled in blue.

➤ Step 2: Conversion balances

Advanced accounting



The screenshot displays the 'Advanced accounting' section. It is split into two columns: 'Advanced features' and 'Advanced settings'. The 'Advanced features' column lists: 'Find and recode', 'Manual journals', 'Fixed assets', 'Assurance dashboard', 'Export accounting data', and 'History and notes'. The 'Advanced settings' column lists: 'Financial settings', 'Chart of accounts', 'Tax rates', 'Fixed assets settings', 'Tracking categories', and 'Conversion balances' (circled in blue). The 'Conversion balances' item includes the description 'Update account balances from previous accounting systems'.

➤ Step 3: Select conversion date as 1.4.2019 and save

Advanced accounting >

Conversion balances

+ Add Comparative Balances

Conversion Date

1 Apr 2020 - 31 Jul 2020

Enter your account balances as at 31 Jul 2020

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

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

Total Debits	0.00	Total Credits	0.00
---------------------	-------------	----------------------	-------------

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

Lock balances at 31 Jul 2020
Locking ensures no accidental edits to balances or transactions are made before this date. Only users with Adviser roles will be able to make any changes. [Read more](#)

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

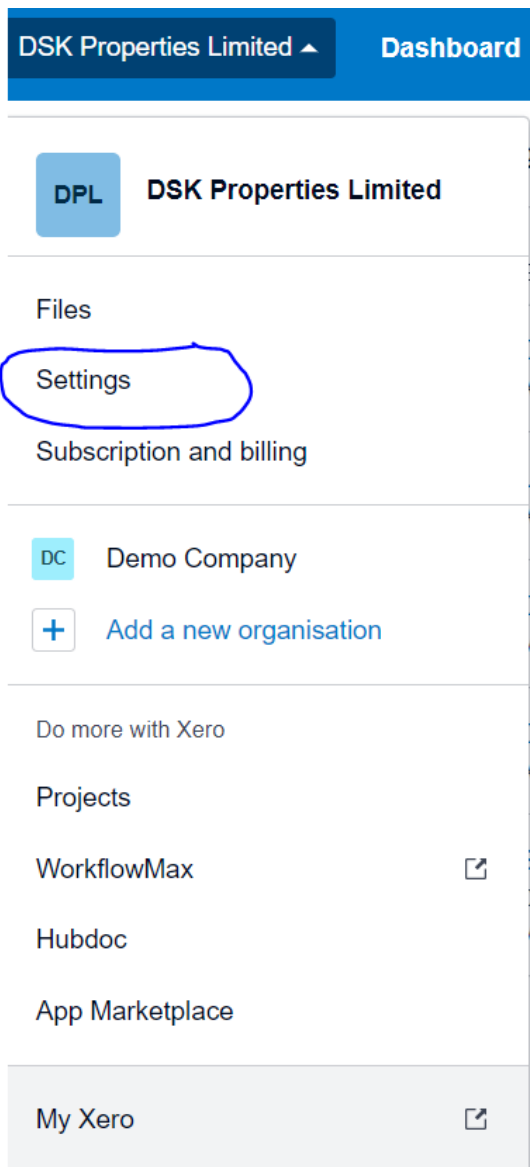
Enter the following opening balances for 1.4.2019 and save

N/C	Name	Debit (£)	Credit (£)
001	Business Current Account (National Bank)	78,800.00	
003	Petty Cash Account	512.00	
820	VAT Liability	8,122.90	
825	P.A.Y.E. – Payable to HMRC		3,396.58
826	National Insurance-Payable to HMRC		3,006.98
947	Student Loan – Payable to HMRC		278.00
814	Net Wages		12,863.78
858	Pension Fund-Payable to Pension Fund Co.		120.00
900	Loans		6,895.00
950	Ordinary Shares		5,000.00
830	Corporation Tax Payable		9,500.00

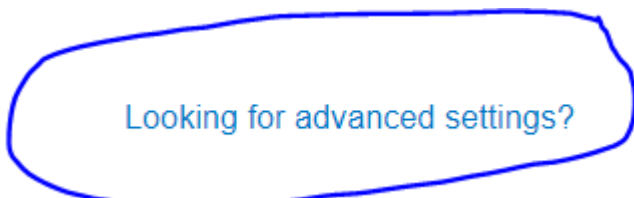
d) Creating/Deleting (Tracking categories)

Mr. Robert would like to see the reports and data as per the name of the property, please apply name of the property to all the sales invoices, Purchase invoices and Petty cash expenses.

- *Step 1: Click on dropdown arrow next to your company name>Click on settings (See screenshot below)*



- *Step 2: At the bottom of the page click on*



➤ *Step 3: Click on Tracking Category*


Advanced settings

- ☆ Financial settings
Edit financial settings like tax periods and lock dates
- ★ Chart of accounts
Add, edit, archive, delete, import or export your accounts
- ☆ Tax rates
Add, edit or delete tax rates
- ☆ Tracking categories
Manage tracking items for more powerful reporting
- ☆ Conversion balances
Update account balances from previous accounting systems

➤ *Step 4: Click on Add Tracking Category*

Advanced accounting >

Tracking categories



Create unique categories for transactions to suit your business needs

[Learn how](#) to set them up and how to access them in your financial reports

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

What's this? ⓘ

+ Add Tracking Category

❖ Use Tracking Category Name as **Name of the Property** and create below:

Category Options
16-20 Industrial Estate
Unit 7 – Business House
Unit 8 – Business House
1-5 Central Commercial Park
Unit 9 – Queen’s House

➤ **Save**

3. Customers and Suppliers

a) Setting up Customers and Suppliers (Apply default settings)

Customer List

<u>Name</u>	<u>Contact Name</u>	<u>Telephone</u>	<u>Email</u>
Northern Bank	Ian Cairns	01742 876 234	accounts@Nothernbank.co.uk
ADS Recruitments	Fred Briant	01908 78787878	finance@ADSR.co.uk
Johnson Design & Build Partners	Peter Quigley	0191 234 567	AccountsJDB@JDbuildP.com
F G Landscape & Design	David Bradford	01603 354564	AccountsR@FGL.co.uk
Kinghorn Engineering	Clint Peddie	0141 373 2828	finance@Kinghorn.co.uk
KDR Engineering	Ian Walker	0195986475	Finance@KDR.co.uk
Crompton Limited	Alistair Leadbetter	00495313443334	Accounts@Crompton.co.uk
Fluur Natural Resources	Tom Ford	01912903939	AP@Fluurenterprises.co.uk

i) Apply default account 200 with T1 code for Vat exclusive. Use Invoices Due Date 30 days after the Invoice date.

Steps to be followed to create Customer Account

➤ *Step 1: Select the Tab Contacts>Customers>Add Contact>Save*

The screenshot shows the Xero Accounting software interface. The top navigation bar includes 'Dashboard', 'Business', 'Accounting', 'Payroll', and 'Contacts'. The 'Contacts' tab is selected. Below the navigation bar, there is a 'Contacts' section with an 'Add Contact' button circled in blue. A dropdown menu is open, showing 'All contacts', 'Customers' (circled in blue), and 'Suppliers'. The main form area is titled 'Contact Information' and contains the following fields:

- Contact Name: Company name
- Add account number
- Primary Person: First, Last
- Email: name@email.com
- Add another person
- Phone: Country, Area, Number
- Fax: Country, Area, Number
- Mobile: Country, Area, Number
- Direct dial: Country, Area, Number
- Skype Name/Number: Skype Name/Number

At the bottom of the form, there are 'Cancel' and 'Save' buttons. The 'Save' button is circled in blue.

TASK 3: a)

Steps to be followed to create Supplier Account

➤ *Step 1: Select the Tab Contacts>Suppliers>Add Contact>Save*

The screenshot shows the Xero 'Add Contact' form. The 'Contacts' menu is open, and 'Suppliers' is selected. The form fields include Contact Name, Primary Person (First/Last), Email, Phone, Fax, Mobile, Direct dial, and Skype Name/Number. The 'Save' button is highlighted with a blue circle.

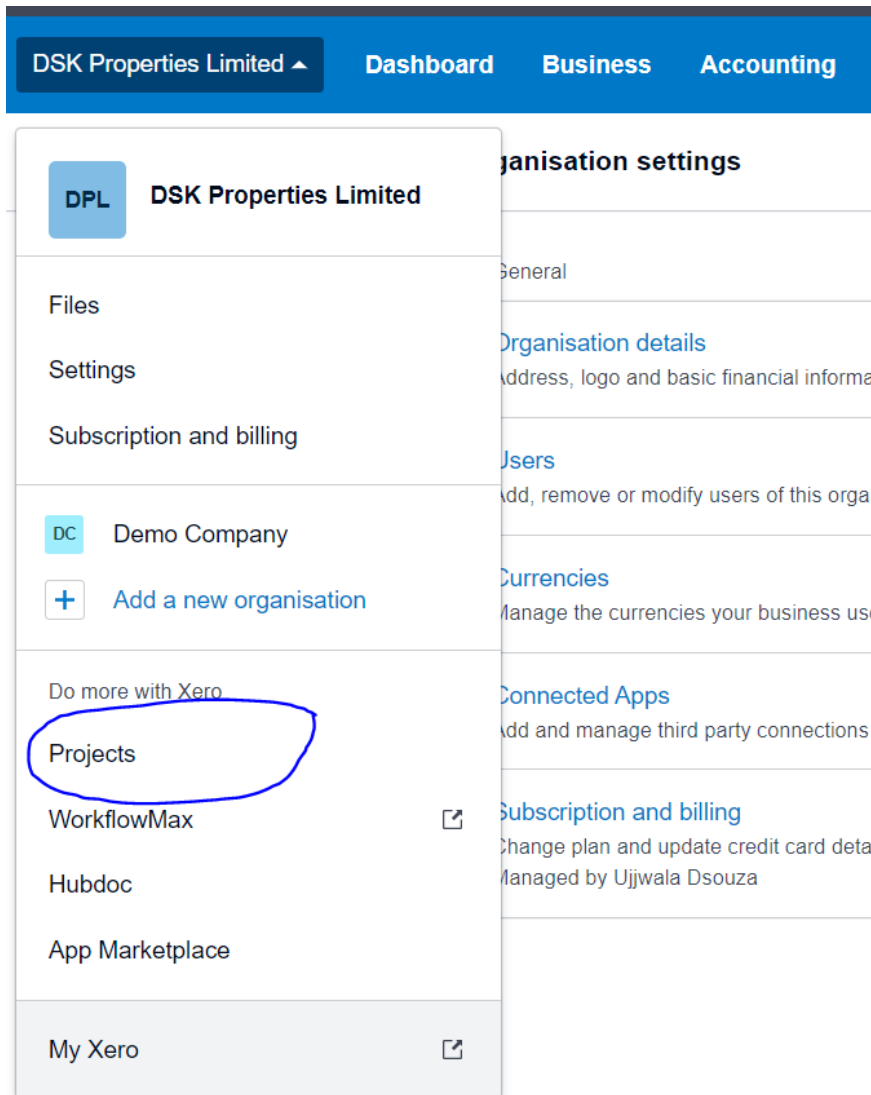
Supplier List

<u>Name</u>	<u>Contact</u>	<u>Telephone</u>	<u>Email</u>
Mowell Hook Management	Mark Ramsay	0191 643 4343	Finance@MHM.co.uk
McNally Computer Supplies	Stuart Lynn	0191 415 3434	McnallyAR@gmail.co.uk.co.uk
Smith & Co Estate Agents	Stephen Wilmshurst	01905 243534	accounts@smithandco.co.uk
Newtown Builders Ltd	John Sinclair	0181 245 4534	payable@NewtownB.co.uk
Quality Motors	Debbie Minto	0191 231 3454	finance@Qualitymotors.co.uk
Telecommunication Ltd.	Accounts	0155 648 9674	accounts@telecomm.o.uk
Cedar Accounting Services	Janet Berg	0208 526 8800	Accounts@Cedar.co.uk

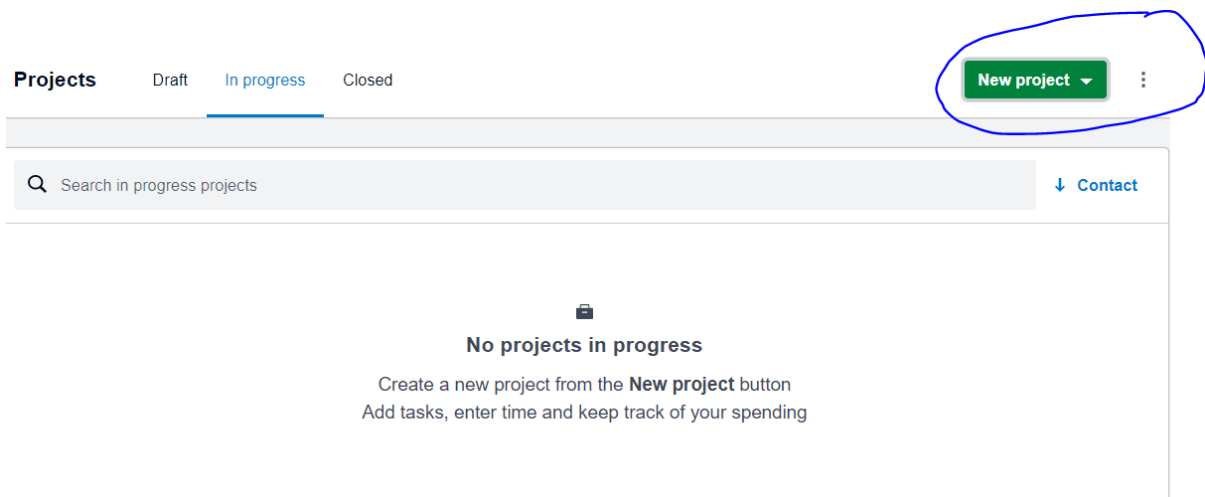
- i) Apply Default setting for Quality Motors – Nominal Code – 449 and Vat Code T1 and
Telecommunication – Nominal Code – 489 and Vat Code T1

b) Create a Project

➤ Step 1: Click on Projects



<https://projects.xero.com/get-started>



➤ *Step 2: Enter below details>Click on Save*

Enter contact Name JD Developers

Project Name: Finsbury Market Complex

Deadline 30.04.2022

Estimate: £100,000

c) Entering Purchase (Supplier Invoice), Purchase Credit Note, Purchase Order

➤ *Step 1: Click on + sign on the top right hand (see below screenshot)*

➤ *Step 2: Select Bill option (see below screenshot)*

➤ *Step 3: After Entering the details – Click on Approve (see below screenshot)*

DSK Properties Limited | Dashboard | Business | Accounting | Payroll | Projects | Contacts

Purchases overview > Bills to pay > **New Bill**

From: [] Date: 30 Aug 2020 Due Date: [] Reference: []

GBP British Pound

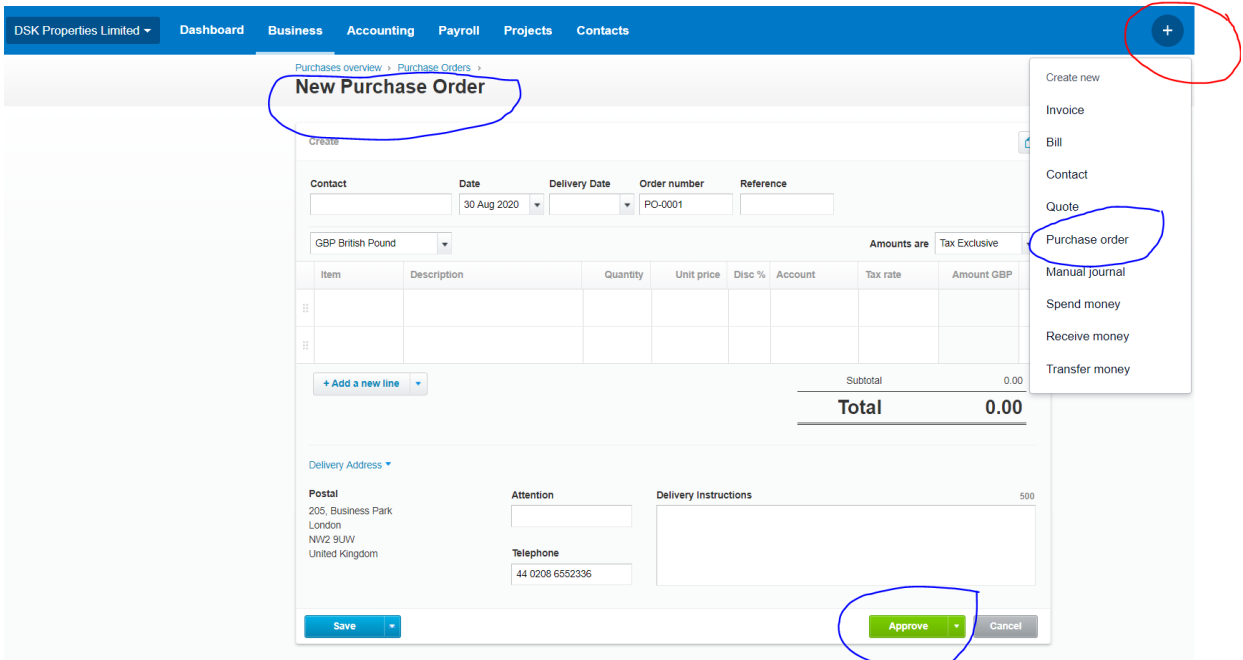
Item	Description	Qty	Unit Price	Account	Tax Rate
:					
:					
:					
:					
:					

Subtotal 0.00
VAT 0.00
TOTAL 0.00

Save Approve Cancel

For Entering Purchase Order:

- Step 1: Click on + sign on the top right hand (see below screenshot)
- Step 2: Select Purchase Order option (see below screenshot)
- Step 3: After Entering the details – Click on Approve (see below screenshot)



The following information is available from Purchase Unit and you need to update Xero accordingly. (Period April 19 to Jun 19)

Enter below Supplier Invoices from Purchase Day Book – i) Create a new nominal code 402 as highlighted below ii) Rename the nominal account 433 as highlighted below iii) Apply the nominal codes given in the description iv) Select Exempt Exp. as Tax Rate for Building Insurance

Date of Invoice (Tax date)	Inv. No	Supplier Name	Property Name	Description	Net (£)	Vat (£) (20% on Exp.)	Gross Total (£)
15/04/2019	CID258	Mowell Hook Management	Unit-8 Busi. House	Management Fees - (402)	3840.00	768.00	4608.00
10/05/2019	654/05-20	McNally Computer Supplies	In House	IT software and consum. (463)	1000.00	200.00	1200.00
13/05/2019	INS/564/20	Mears Insurance (NEW)	Unit-9 Queens House	Building Insurance (433)	585.00	0.00	585.00
01/06/2019	NBL/4488/20	Newtown Builders Ltd	Unit-7 Busi. House	Repairs (473)	2500.00	500.00	3000.00
15/06/2019	MOT/12/20	Quality Motors	In House	Motor Vehicle exp. (449)	582.50	116.50	699.00
30/06/2019	NBL/4491/20	Newtown Builders Ltd	1-5 Central Comm Park	Repairs (473)	4250.00	850.00	5100.00

3 c) Enter below Supplier Credit Notes from Purchase Day Book

- i) Apply Nominal codes given in the description
- ii) Create new Nominal code 7701(highlighted below)
- iii) Select Exempt Exp. as Tax Rate for Building Insurance

Date of Credit Note (Tax date)	CN No.	Supplier Name	Property Name	Description	Net (£)	Vat (£) (20% on Exp.)	Gross Total (£)
10/05/2019	CN/156/20	McNally Computer Supplies	In House	Router & Cabling (7701)	500.00	100.00	600.00
13/06/2019	CN/236/20	Mears Insurance	1-5 Central Comm Park	Building Insurance (433)	125.00	0.00	125.00

d) Entering Sales (Customer Invoice), Sales Credit Note, Sales Order

- Step 1: Click on + sign on the top right hand (see below screenshot)
- Step 2: Select Invoice option (see below screenshot)
- Step 3: After Entering the details – Click on Approve (see below screenshot)

Sales overview > Invoices >

New Invoice

To: Date: 5 Oct 2020 Due Date: Invoice #: INV-0043 Reference: Preview

GBP British Pound Amounts are Tax Inclusive

Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Region	Name ...	Amount GBP
⋮									×
⋮									×
⋮									×
⋮									×
⋮									×

Add a new line Assign item to a project

Subtotal 0.00
VAT 0.00
TOTAL 0.00

Save Approve Cancel

For Entering Sales Quote:

- Step 1: Click on + sign on the top right hand (see below screenshot)
- Step 2: Select Quote option (see below screenshot)
- Step 3: After Entering the details – Click on Save or Send (see below screenshot)

Sales overview > Quotes >

New Quote

Create Assign to project

Customer: Date: 5 Oct 2020 Expiry: Quote number: QU-0001 Reference:

+ Add a Title & Summary

GBP British Pound Amounts are Tax Exclusive

Item	Description	Quantity	Unit price	Disc %	Account	Tax rate	Region	Name o...	Amount GBP
⋮									×
⋮									×

+ Add a new line

Subtotal 0.00

Total 0.00

Terms To set and reuse terms, edit your Branding Theme in Invoice Settings.

Save Send... Cancel

The following information is available from Sales Unit and you need to update Xero accordingly. (period April 19 to Jun 19)

Enter below Customer Invoices from Sales Day Book –

- i) Please rename/create the new nominal codes given in the description
- ii) Use tracking for all the Invoices
- iii) Create 3 new customers (highlighted below)

Enter below Customer Invoices from Sales Day Book

Date of Invoice	Inv. No.	Customer Name	Property name	Description	Net (£)	Vat (£) (20%)	Gross Total (£)
01.04.2019	012/AP R/19-20	Northern Bank	1-5 Central Comm Park	Rent Income (200)	12000.00	2400.00	14400.00
01.04.2019	013/AP R/19-20	W M Smith (New)	16-20 Ind. Estate	Rent Income (200)	10000.00	2000.00	12000.00
01.06.2019	019/JUN /19-20	Finsbury Furniture Ltd. (New)	Unit-7 Busi. House	Rent Income (200)	5000.00	1000.00	6000.00
01.10.2019	026/OC T/19-20	LMC Solicitors (New)	Unit-8 Busi. House	Rent Income (200)	6000.00	1200.00	7200.00
01.01.2020	042/JAN /19-20	Crompton Limited, UK	Unit-9 Queens House	Rent Income (200)	8500.00	1700.00	10200.00

Sales Invoices

INVOICE



Tax point Date
1.4.2019

INVOICE NO
012/APR/19/20

DSK Properties Limited
205, Business Park
London
NW2 9UW
Email: finance@dsk.co.uk
Vat Reg. No. **159753456**

Invoice to:

Northern Bank
Long Drive Street
London
N12 8JT

Description	Net (£)	Vat(20%)	Gross Total (£)
Rent demand April 2019 to June 2019	12,000.00	2400.00	14,400.00

Grand Total including Vat £14,400.00

Please pay to below account :

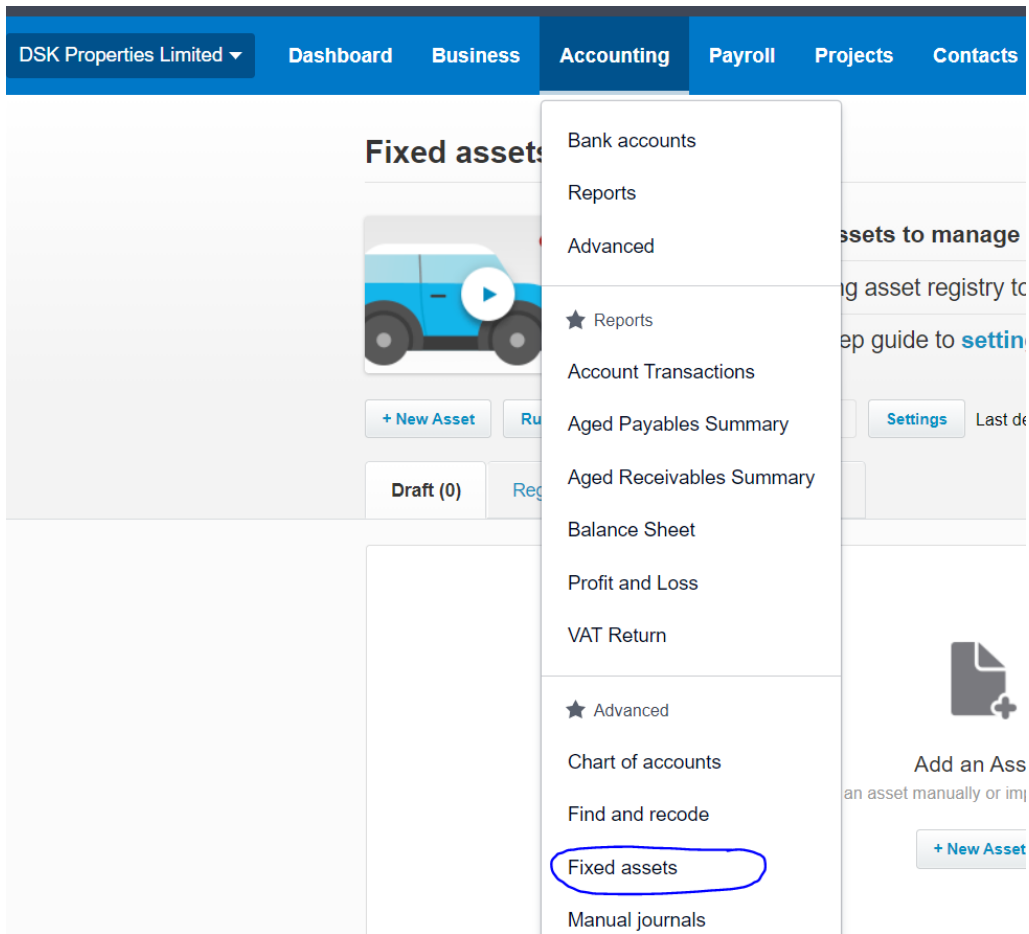
Account Name : DSK Properties Limited
Account Number : 569865732
Sort Code : 23-00-14

Thank you!

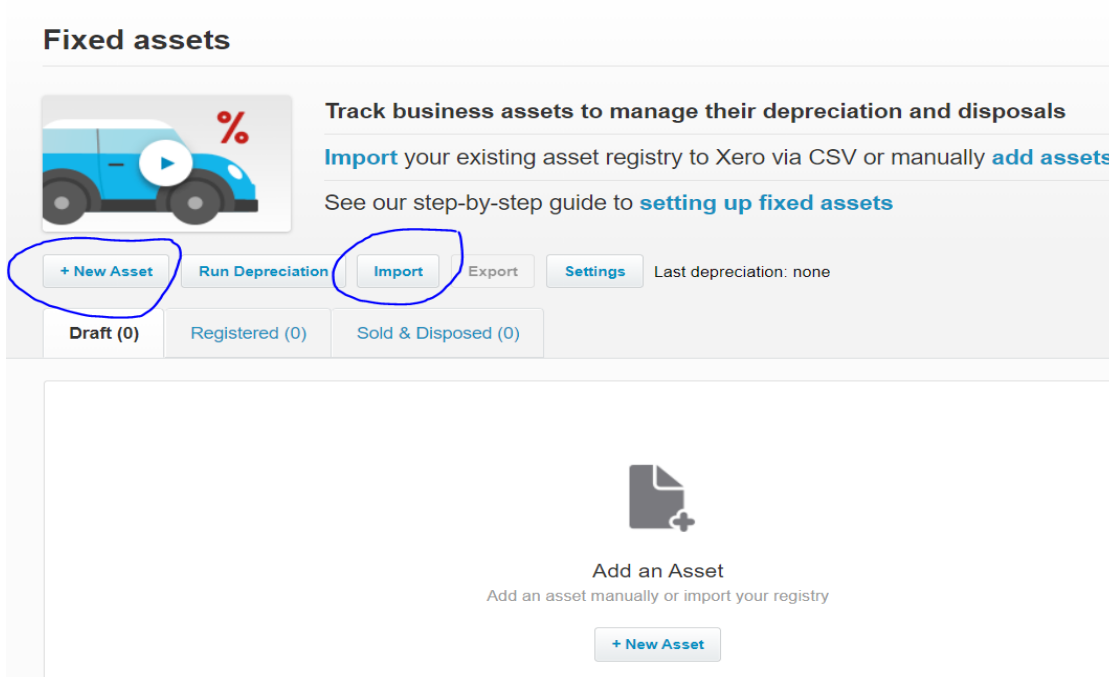
4. Fixed Assets

a) Entering Fixed Assets (Asset Register)

➤ *Step 1: Click on Accounting > Fixed Assets*



Step 2: Click on New Asset or Import (see screenshot below)



➤ Step 3: Complete the details > click on Register (see screenshot below)

Fixed assets >

Add New Asset

Details

Asset Name Asset Number

Purchase Date Purchase Price Warranty Expiry Serial Number

Asset Type Name of the Property

Description

Book Value

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

Depreciation Method Averaging Method Rate % Effective Life (Years)

Fixed Asset List

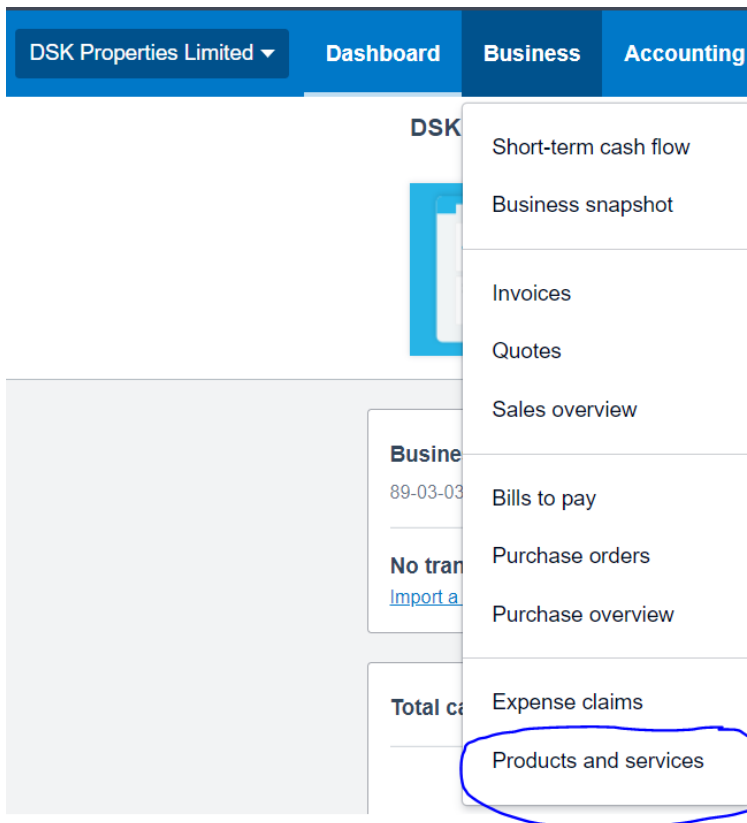
DSK Properties Limited have maintained Fixed asset Register on Excel and would like to move on Xero accounts from April 19 onwards. Please record below assets on Xero, ignore the depreciation exercise for this task.

Asset Name	Asset Number	Purchase date	Purchase price	Serial Number	Asset Type
Dell Laptop	FA-001	1.6.2019	£800.00	APR19-001	Comp.Equip.
Office Desk	FA-002	1.9.2019	£450.00	SEP19-001	Office Equip.
HP inkjet Printer	FA-003	1.11.2019	£550.00	NOV19-001	Office Equip.

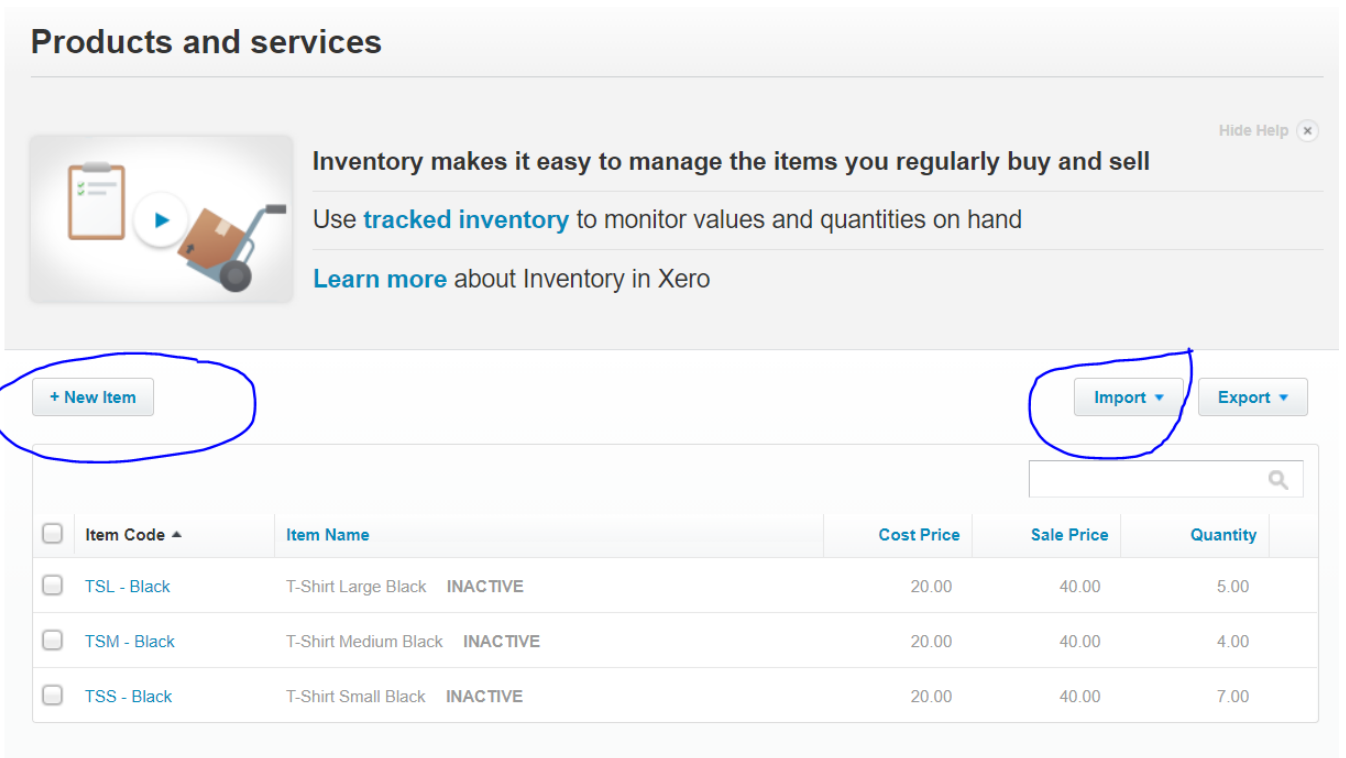
- i) Apply depreciation @15% Straight Line Method -Full month to computer equipment from the date of purchase
- ii) Apply depreciation @20% Straight Line Method -Full month to office Equipments from the date of purchase

b) Inventory

➤ Step 1: Click on Business > Products and Services



➤ Step 2: Click on New Item or Import (see screenshot below)



➤ Step 3: Complete the details > click on Save (see screenshot below)

New Item ✕

Item Code Item Name

I purchase this item

Unit Price Purchases Account Tax Rate

Purchases Description (for my suppliers)

I sell this item

Unit Price Sales Account Tax Rate

Sales Description (for my customers)

I track this item

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

5. Bank Payments and Receipts

a) Bank Feed or Import a Statement

Watch the video on how to activate a bank feed



How to activate Bank Feed on Xero.mp4

Import a statement

- *Step 1: Select Bank Account*
- *Step 2: Click on (three dots as per below)*



- *Step 3: Click on Import a Statement (see screenshot below)*

The screenshot shows the 'Account watchlist' interface. The first account listed is 'National Business Bank Curr' with ID '12-00-54-15945623'. A dropdown menu is open for this account, showing options: 'Find' (Account Transactions, Bank Statements), 'New' (Spend Money, Receive Money, Transfer Money), and 'Reconcile' (Reconcile Account, Bank Rules, Reconciliation Report, and 'Import a Statement' which is circled in blue). Below the dropdown, the account name and ID are repeated. The second account listed is 'Petty Cash Account' with ID '12-34-56-123456', also showing 'No transactions imported' and a link to 'Import a bank statement to get started'.

- *Step 4: Follow the steps or download csv template (see screenshot below)*

Bank Accounts > National Business Bank Curr >

Import Bank Transactions

Follow these steps to import your transactions

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

No file selected

File formats you can import

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

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

See below quarterly Bank Statement for the period end 30.06.2019

National Bank
St. Ann's Road
London
UK

Account name: DSK Properties Limited

Statement period 1.4.2019 to 30.06.2019

Account Number: 15945623

Statement Ref.: 222

Sort Code: 12-00-54

Account Type: Business Current Account

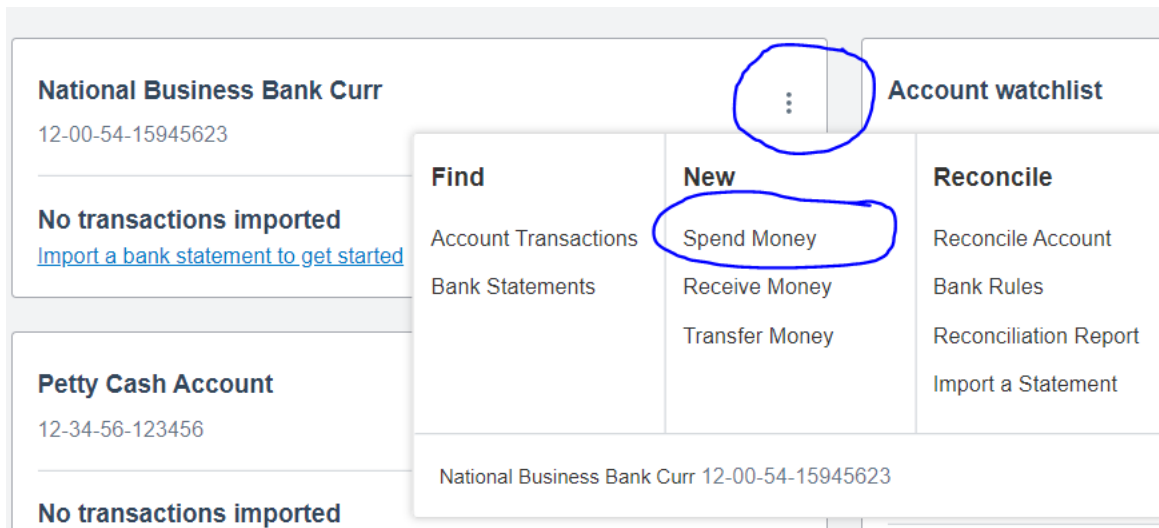
Date	Amount (£)	Description	Reference	Balance (£)	
01.04.2019		Brought forward		78800.00	cr
01.04.2019	-30.00	Sage UK	Bacs	78770.00	cr
10.04.2019	14,400.00	Northern Bank	Bacs	93170.00	cr
19.04.2019	-4608.00	Mowell Hook Management	Bacs	88562.00	cr
25.04.2019	12,000.00	W M Smith	Bacs	100562.00	cr
28.04.2019	-150.00	Bank Transfer	Trf	100412.00	cr
30.04.2019	25.00	Bank Interest	CR	100437.00	cr
01.05.2019	-30.00	Sage UK	Bacs	100407.00	cr
01.05.2019	-500.00	Bank Transfer	Trf	99907.00	cr
05.05.2019	-1250.00	Bank Transfer	Trf	98657.00	cr
13.05.2019	-460.00	Mears Insurance	Bacs	98197.00	cr
31.05.2019	-8500.00	HMRC – C. Tax	Bacs	89697.00	cr
01.06.2019	-30.00	Sage UK	Bacs	89667.00	cr
01.06.2019	-500.00	Bank Transfer	Trf	89167.00	cr
05.06.2019	6,000.00	Finsbury Furniture Rent	Bacs	95167.00	cr
08.06.2019	-3000.00	Newton Build.	Bacs	92167.00	cr
18.06.2019	-699.00	Quality Motors	Bacs	91468.00	cr

b) Entering Bank Payments, Bank Receipts

- *Step 1: Select Bank Account*
- *Step 2: Click on (three dots as per below)*

⋮

- *Step 3: Click on Spend Money (see screenshot below)*



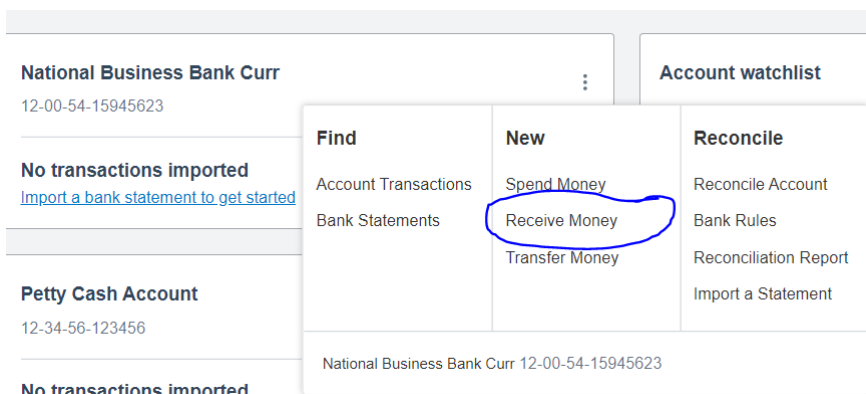
- i) Mr. Robert (Director) has asked you to set up a payment for Corporation Tax (N/C 830) for 31.5.2019 amt. £8,500.00 (Tax rate No Vat) via online banking on Business current A/C and also to be entered on Xero Accounts – Please enter as a bank payment as Spend money without posting it to supplier ledger.

Bank Receipts:

- *Step 1: Select Bank Account*
- *Step 2: Click on (three dots as per below)*

⋮

- *Step 3: Click on Receive Money (see screenshot below)*



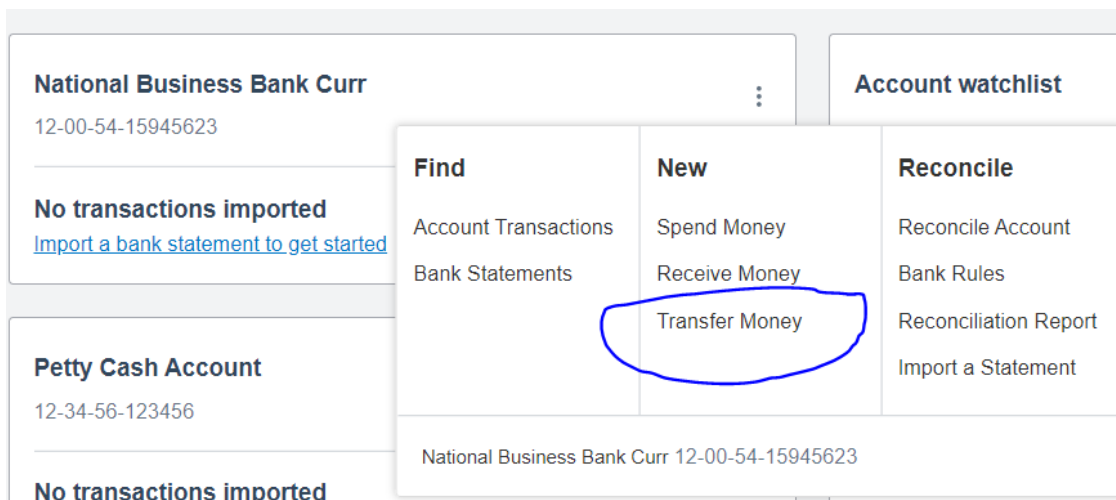
ii) While doing Bank Reconciliation, you have noticed on the Business Current A/C statement that the bank interest has been credited to Business Current Account £25.00 (Tax rate No vat) dated 30.04.2019 – Please enter as a Receive Money (N/C 270) without posting it to customer ledger.

c) Internal Bank Transfer/Petty Cash Transfer/CC Payment

- Step 1: Select Bank Account
- Step 2: Click on (three dots as per below)

⋮

- Step 3: Click on Transfer Money (see screenshot below)



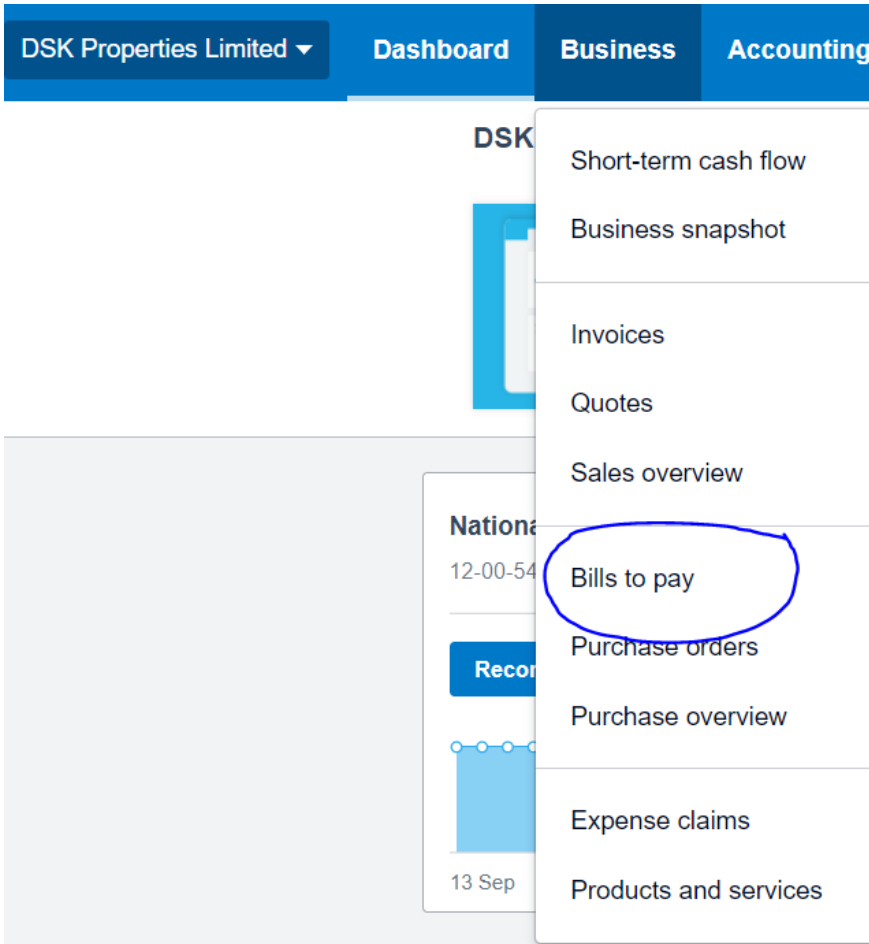
Director asked you to do following bank transfers via online banking and update Xero accordingly:

- 1) Please transfer £150.00 to Petty cash Account from Bank Current Account dated 28.04.2019
- 2) Transfer to Business Credit Card amt. £1250.00 dated 5.5.2019 (as it is a DD from Bank, update Xero only)

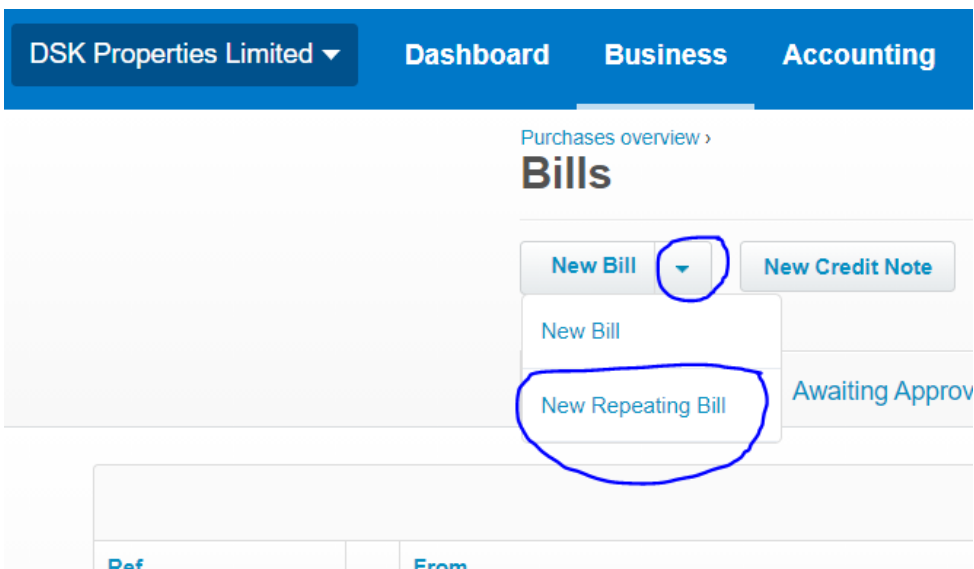
d) Adding Repeating bill (DD/STO etc.)

See screenshots below

➤ *Step 1: Select Business > Bills to Pay*



➤ *Step 2: Click on dropdown arrow and Select New Repeating Bill*



➤ Step 3: Complete the details and click on Save

Purchases overview > Bills to pay > **New Repeating Bill**

Create 📄

Repeat this transaction every: 1 Month(s) Bill Date: | Due Date: Due 15 of the following month End Date (Optional):

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

Bill from: Reference: Insert Placeholder Total: 0.00

Amounts are: GBP British Pound Tax Exclusive

Item	Description	Qty	Unit Price	Account	Tax Rate	Name...	Amount GBP	
::								×
::								×
::								×
::								×
::								×

Add a new line

Subtotal: 0.00
VAT: 0.00
TOTAL 0.00

Preview placeholders Save Cancel

Mr. Robert asked you to enable monthly subscription from Business Current A/C to Sage UK Ltd. for £30.00 incl. of vat (20% on exp.) bill date commencing from 01.04.2019 and you would like to add this as a repeating bill on Xero.

Use the Nominal Code 463

Due Date: 15 days after the bill date

End Date: 31.03.2020

Approve the Bill

Supplier is Sage UK Limited

Reference Month (Insert Placeholder)

e) Cash Coding

Cash coding feature is useful when businesses do not maintain ledger. This feature is mainly recommended for Non-Vat registered business.

➤ *Step 1: Select the Bank for reconciliation>Click on Reconcile tab*

National Busin Bank Current AC ⋮

12-00-54-15945623

Reconcile 16 items

Balance in Xero 68,925.00
Statement balance (18 Jun) 91,468.00

20 Sep 27 Sep 4 Oct 11 Oct

➤ *Step 2: Select Cash coding tab*

What's this? ⓘ

Reconcile (16) | Cash coding | Bank statements | Account transactions

What's this? ⓘ

Review your bank statement lines...

Spent ▾ Received ▾

Options ▾

1 Apr 2019	30.00	Sage UK Sage UK Bacs More details
------------	-------	--

OK

➤ Step 3: Complete the required details as shows below>Save and reconcile all

What's this? ⓘ

Reconcile (16) **Cash coding** Bank statements Account transactions

Uncheck all Discard changes Apply rule - Shortcut keys ⓘ Show lines with suggested matches Displaying 5 Show more

<input type="checkbox"/>	Date	Payee	Reference	Description	Account	Tax Rate	Name of the Prop...	Spent	Receiv...		
<input type="checkbox"/>	1 May 2019	Bank Transfer	Tf	Bank Transfer				500.00			
<input type="checkbox"/>	13 May 2019	Mears Insurance	Bacs	Mears Insurance				460.00			
<input type="checkbox"/>	1 Jun 2019	Bank Transfer	Tf	Bank Transfer				500.00			
<input type="checkbox"/>	8 Jun 2019	Newton Build	Bacs	Newton Build				3,000.00			
<input type="checkbox"/>	18 Jun 2019	Quality Motors	Bacs	Quality Motors				699.00			

Save & Reconcile All

6. Petty Cash

a) Add Petty Cash Expenses for Month 1

Entering Cash Receipts and Cash Payments on Petty cash Account – See screenshot below

➤ *Step 1: Select Petty Cash Account>Select Spend Money option*

The screenshot shows the 'Petty Cash Account' page with a dropdown menu open. The 'New' section of the menu has 'Spend Money' highlighted with a blue circle. The account number is 12-34-56-123456. Below the account information, there are sections for 'National Busi Bank Credit Card' and 'Bills you need to pay'. The 'Statement balance' is shown as 0.00.

➤ *Step 2: Enter Petty cash expenses>Save*

The screenshot shows the 'New Spend Money' form. The 'Spent as' dropdown is set to 'Direct Payment'. The 'To' field is empty, the 'Date' is '14 Oct 2020', and the 'Reference' field is empty. The currency is 'GBP British Pound' and 'Amounts are' is set to 'Tax Inclusive'. The table below has columns for 'Item', 'Description', 'Qty', 'Unit Price...', 'Account', 'Tax Rate', 'Name o...', and 'Amount GBP'. The 'Subtotal' and 'VAT' are both 0.00, and the 'TOTAL' is 0.00. The 'Save' button is highlighted with a blue circle.

Item	Description	Qty	Unit Price...	Account	Tax Rate	Name o...	Amount GBP

Enter Petty Cash Summary – April 2019 – Month 1 (We have made petty cash Trf. of £150.00 as at 28.04.2019) –

Use Payee as Petty Cash Exp. And reference as <Month><Year>Exp.

Date of transaction	Description	Voucher No	Net (£)	Vat (£)	Total (£)	Account	Running Bal. (£)
	Opening Bal.						662.00
1.4.2019	Travel for staff training	1120	170.00	Zero rated	170.00	Travelling	492.00
1.4.2019	Milk	1121	10.50	Zero rated	10.50	Refreshments	481.50
3.4.2019	Refreshment	1121A	150.00	30	180.00	Refreshments	301.50
5.4.2019	Fuel for busi. Car	1122	126.67	25.33	152.00	Travelling	149.50
10.4.2019	Cleaning products	1123	25.00	5.00	30.00	Cleaning	119.50
25.4.2019	Postage	1124	10.00	Exempt exp.	10.00	Postage	109.50

b) Enter Petty Cash Summary –Month 2

Petty Cash Transfers for Reconciliation reference only

Transfer of £500.00 from Current account to Petty cash Account dated 1.5.2019

Use Payee as Petty Cash Exp. And reference as <Month><Year>Exp.

Date of transaction	Description	Voucher No	Net	Vat	Total	Category	Running Bal.
	Opening Bal.						609.5
1.5.2019	Milk	1125	10.50	Zero rated	10.50	Refreshments	599.00
7.5.2019	Stationery for office	1126	84.00	16.80	100.80	Printing & Stationery	498.20
12.5.2019	Travel claim	1127	22.00	Zero rated	22.00	Travelling	476.20
28.5.2019	Postage	1128	10.00	Exempt exp.	10.00	Postage	466.20

Petty Cash Transfers for Reconciliation reference only

Transfer of £500.00 from Current account to Petty cash Account dated 1.6.2019

Note: The closing balance as at 1.6.2019 must be £966.20

⇒ Intermediate Level

7. Bank Reconciliation

a) Bank Reconciliation of Current Account

You have received a bank statement till 30.06.2019 and you would like to reconcile the bank on Xero.

➤ *Step 1: Select Bank Accounts > Click on Reconcile tab (see screenshot below)*

The screenshot shows the Xero interface for reconciling a bank account. At the top, it displays the account name "National Busin Bank Current AC" and the account number "12-00-54-15945623". A blue button labeled "Reconcile 16 items" is prominently displayed. To the right, a summary table compares the "Balance in Xero" (68,925.00) with the "Statement balance (18 Jun)" (91,468.00). Below this, a horizontal timeline with circular markers shows dates from 20 Sep to 11 Oct, with a light blue bar indicating the period covered by the reconciliation.

Item	Value
Balance in Xero	68,925.00
Statement balance (18 Jun)	91,468.00

Timeline markers: 20 Sep, 27 Sep, 4 Oct, 11 Oct

See below quarterly Bank Statement for the month end 30.06.2019

National Bank
St. Ann's Road, London
UK

Account name: DSK Properties Limited

Statement period 1.4.2019 to 30.06.2019

Account Number: 15945623

Statement Ref.: 222

Sort Code: 12-00-54

Account Type: Business Current Account

Date	Amount (£)	Description	Reference	Balance (£)	
01.04.2019		Brought forward		78800.00	cr
01.04.2019	-30.00	Sage UK	Bacs	78770.00	cr
10.04.2019	14,400.00	Northern Bank	Bacs	93170.00	cr
19.04.2019	-4608.00	Mowell Hook Management	Bacs	88562.00	cr
25.04.2019	12,000.00	W M Smith	Bacs	100562.00	cr
28.04.2019	-150.00	Bank Transfer	Trf	100412.00	cr
30.04.2019	25.00	Bank Interest	CR	100437.00	cr
01.05.2019	-30.00	Sage UK	Bacs	100407.00	cr
01.05.2019	-500.00	Bank Transfer	Trf	99907.00	cr
05.05.2019	-1250.00	Bank Transfer	Trf	98657.00	cr
13.05.2019	-460.00	Mears Insurance	Bacs	98197.00	cr
31.05.2019	-8500.00	HMRC – C. Tax	Bacs	89697.00	cr
01.06.2019	-30.00	Sage UK	Bacs	89667.00	cr
01.06.2019	-500.00	Bank Transfer	Trf	89167.00	cr
05.06.2019	6,000.00	Finsbury Furniture Rent	Bacs	95167.00	cr
08.06.2019	-3000.00	Newton Build.	Bacs	92167.00	cr
18.06.2019	-699.00	Quality Motors	Bacs	91468.00	cr

Refer following Receipts for Bank Reconciliation

Date of Receipt	Customer Name	INV NO	Gross Amt.	Remmi. Advice
10/04/2019	Northern Bank	012/APR19-20	14400.00	R-111
25/04/2019	W M Smith	013/APR19-20	12000.00	R-112
05/06/2019	Finsbury Furnitu.	019/JUN19-20	6000.00	R-114

Refer following Supplier Payments for Bank Recon. (Apply Cr. Note to Mears Insu. for £125.00)

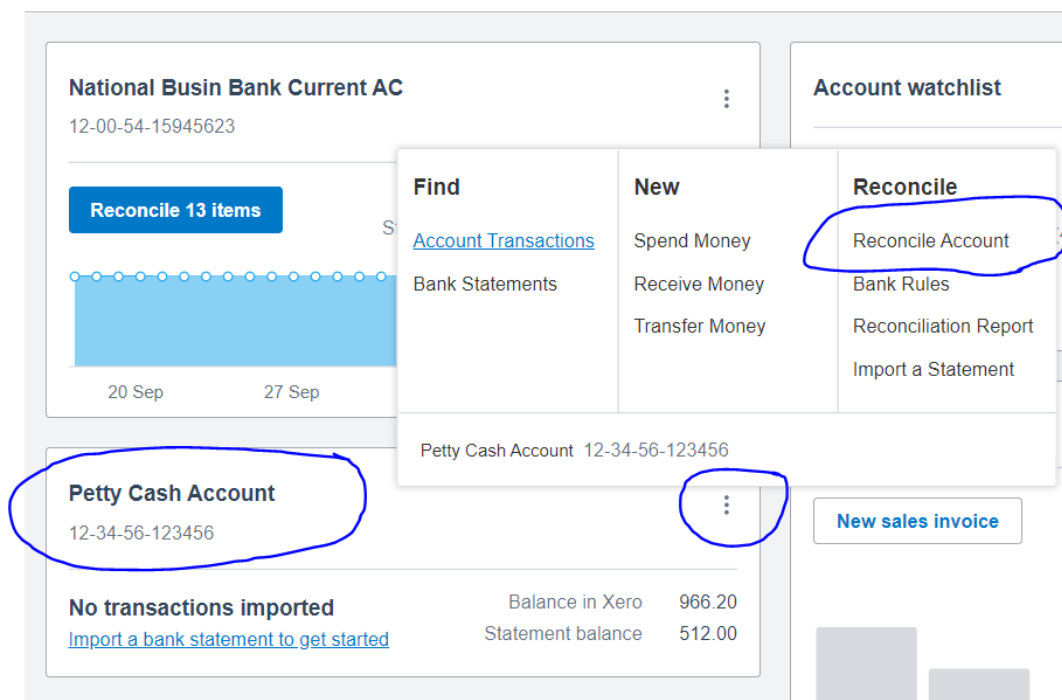
Supplier Name	INV No	Date of payment	Gross Amt.	Bacs Payment Ref.
Mowell Hook Management	CID-258	19/04/2019	4608.00	10020/20
Mears Insurance	INS/564-20	13/05/2019	460.00	10021/20
Newtown Builders Ltd	NBL/4488	08/06/2019	3000.00	10022/20
Quality Motors	MOT/12-20	18/06/2019	699.00	10023/20

Required for Business Current Account:

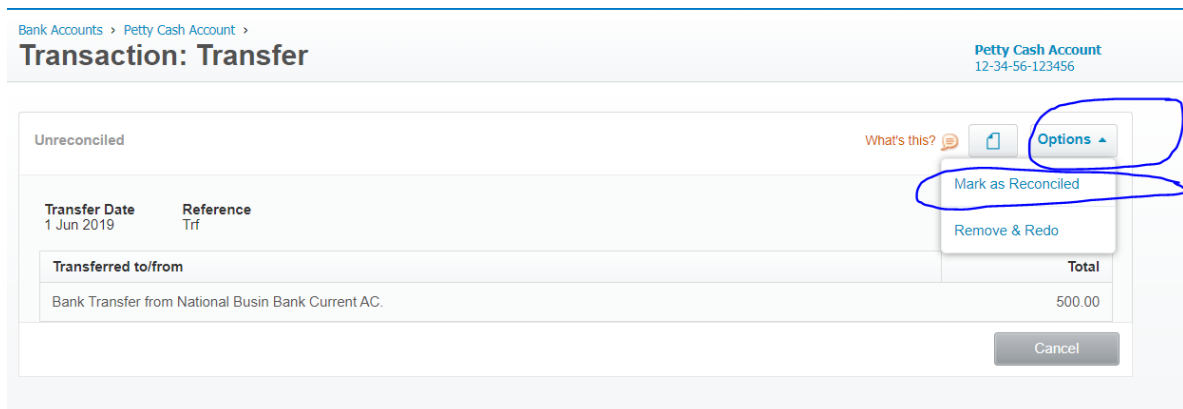
- i. Complete a bank reconciliation procedure as of 30 April 2019, May 2019, and Jun 2019.
- ii. Print out a Reconciliation Report for 30.06.2019
- iii. Print out Bank Reconciliation Summary Report for April, May, and Jun 2019. Go to Accounting>Reports>Accounting>Bank Reconciliation Summary>select the Bank and date>Update

b) Bank Reconciliation of Petty Cash Account

- Step 1: Select Petty Cash Account>Click on three dots>Select Reconcile Account (see screenshot below)



- Step 2: Click on Account Transactions>click on a transaction
- Step 3: Click on options>select Mark as Reconciled



Note: After reconciliation, the balance as per Xero must agree to closing balance £966.20

Required for Business Petty Cash Account:

- i. Reconcile Petty Cash Account as per Task 6
- ii. Print the reconciliation report as at 30.04.2019 and 31.05.2019
- iii. Print out a Reconciliation Report for 30.06.2019
- iv. Print out Bank Reconciliation Summary Report for April and May 2019. Go to Accounting>Reports>Accounting>Bank Reconciliation Summary>select the Bank and date>Update

8. Business Credit Card Account.

Mr. Robert has handed you in business credit card statement for April/May 19 and asked for reconciliation report.

National Bank
St. Ann's Road
London
UK

Account name: DSK Properties Limited

Statement period 1.4.2019 to 31.05.2019

Account Number: XXX7568

Statement Ref.: May 2019

Credit Card Statement

New Balance: £267.49

Next Payment Due: 05.06.2019

*Date	*Amount	Payee	Description	Reference	Cheque Number
01.04.2019	-2.50	Costa Coffee (Tax rate - zero)	Costa Coffee (Tax rate zero) – Entertainment Busi.	19388283	19388283
06.04.2019	-14.50	Uber (Tax rate zero)	Uber (Tax rate zero) Travel	39758643	39758643
05.05.2019	1250.00	Received with thanks - DD	Received with thanks - DD	4065181	4065181
10.5.2019	-11.50	TFL contactless (Tax rate zero)	TFL contactless (Tax rate zero) Travel	67985463	67985463
12.05.2019	-165.00	Amazon.co.uk – Stationery (incl. of Vat – 20%)	Amazon.co.uk – Stationery (incl. of Vat – 20%) Prin.& Sta.	40260370	40260370
22.05.2019	-56.00	Uber Eats (Tax rate zero)	Uber Eats (Tax rate zero)- Entertainment Busi.	58217094	58217094
28.05.2019	-17.99	Sainsburys (Tax rate zero)	Sainsburys (Tax rate zero) refreshment	6984236	6984236

Note: We have already made a bank transfer of £1250.00 on 05.05.2019 (Do not import)

Required:

- i. Import transactions on Xero Accounts
- ii. Reconcile bank TRF £1250.00 by (Mark as reconcile option)
- iii. Complete bank reconciliation procedure for end of April and May 2019
- iv. Print out Reconciliation Report for April and May 19

9. Aged Reports

a) Creation of Aged Debtors Report

Mr. Robert would like to review debtors and creditors position for the preparation of Cash Flow for June 2019 and asked you to prepare following:

- a) Prepare Aged Debtors Report (detailed) till 30.06.2019
- b) Prepare Aged Creditors Report (detailed) till 30.06.2019
- c) Mr. Robert asked for Customer Invoice Report till 1.4.2019 to 31.05.2019 for all the customers.
- d) Mr. Robert asked for Supplier Invoice Report till 1.4.2019 to 31.05.2019 for all the suppliers.

Steps for Aged Debtors Reports

➤ *Step 1: Go to Accounting >Reports*

The screenshot shows the Xero Accounting software interface. At the top, there is a navigation bar with tabs for 'Dashboard', 'Business', 'Accounting', 'Payroll', and 'Proj'. The 'Accounting' tab is selected and highlighted with a blue circle. Below the navigation bar, the main content area is divided into two columns. The left column displays account information for 'DSK Properties Limited' and 'ational Busin Bank Current A', including a video player and a 'Reconciled' status. The right column shows a list of reports under the 'Accounting' menu. The 'Reports' option is highlighted with a blue circle. The list of reports includes: Bank accounts, Reports, Advanced, ★ Reports, Account Transactions, Aged Payables Summary, Aged Receivables Summary, Balance Sheet, Bank Reconciliation Summary, Profit and Loss, VAT Return, ★ Advanced, Chart of accounts, and Find and recode.

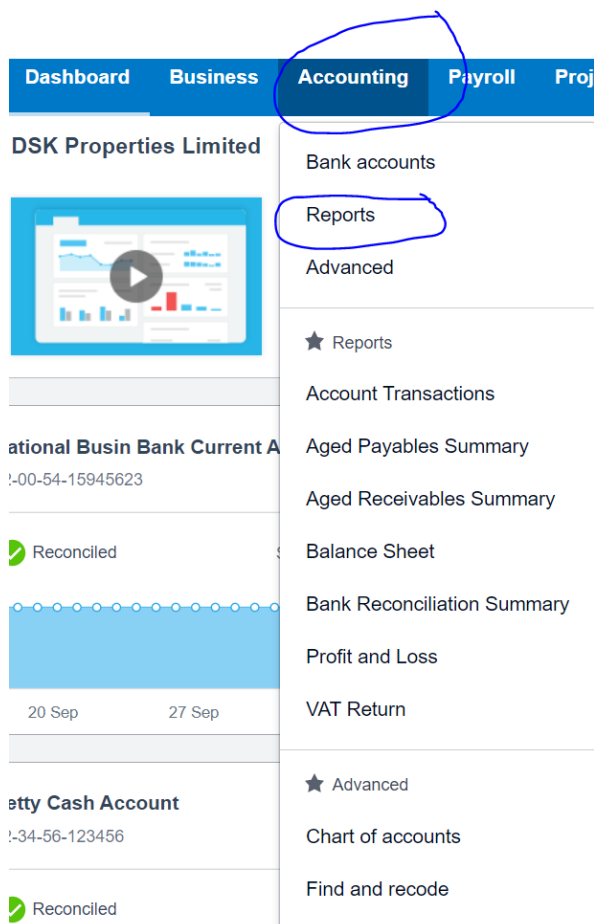
➤ Step 2: Select the appropriate report

Sales

☆ Aged Receivables	
☆ Aged Receivables Detail	New
☆ Aged Receivables Summary	New
☆ Customer Invoice Report	
☆ Income by Contact	
☆ Receivable Invoice Detail	New
☆ Receivable Invoice Summary	New
^ Fewer reports	

b) Creation of Aged Creditors Reports

➤ Step 1: Go to Accounting > Reports



The screenshot shows the Xero Accounting Reports menu. The 'Accounting' tab is selected and circled in blue. The 'Reports' option is also circled in blue. The menu items are:

- Bank accounts
- Reports
- Advanced
- ★ Reports
- Account Transactions
- Aged Payables Summary
- Aged Receivables Summary
- Balance Sheet
- Bank Reconciliation Summary
- Profit and Loss
- VAT Return
- ★ Advanced
- Chart of accounts
- Find and recode

➤ Step 2: Select the appropriate report

Purchases

★ Aged Payables Detail

New

☆ Aged Payables Summary

New

☆ Billable Expenses - Outstanding

New

★ Supplier Invoice Report

▼ More reports

10. Payroll and Journals

a) Process monthly wages entries on Xero

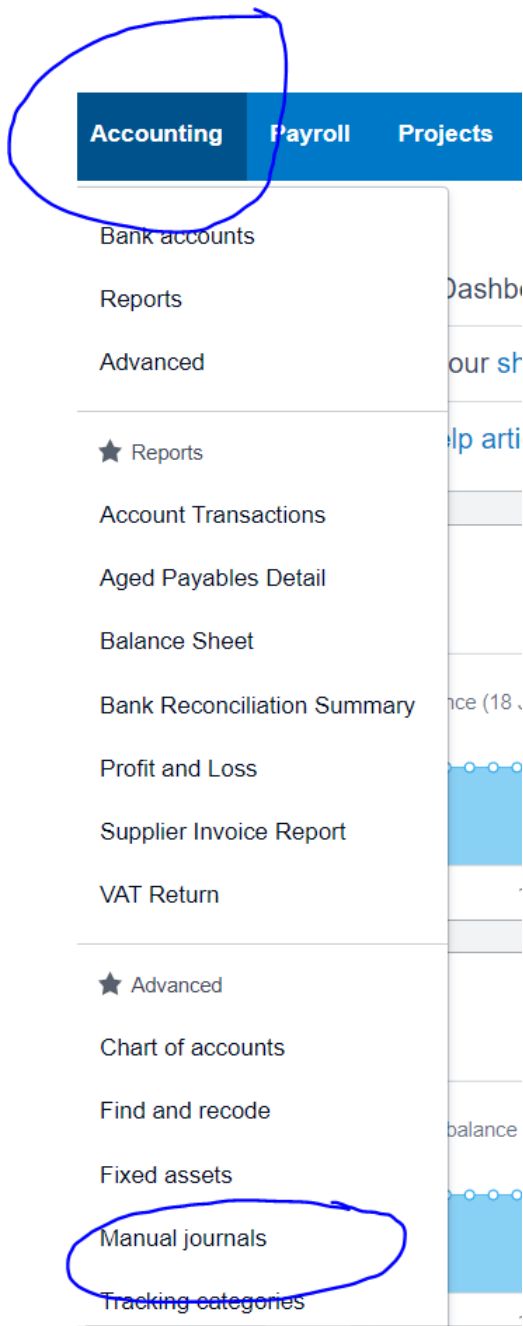
- i) Payroll has been processed by Payroll Department and you have been asked to enter wages entries on Xero Accounts for Jun 2019 paid on **1.7.2019** via Business Current A/C.
- ii) Please enter the amount via Spend Money from column Net pay highlighted and use Nominal Code 814 (Tax No Vat). Put the description as employee name and month/year.

Payroll Summary for Jun 2019

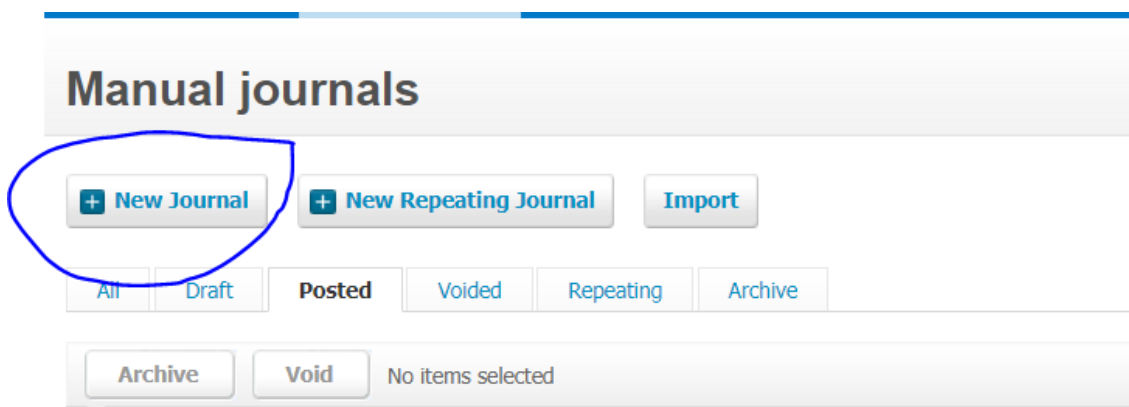
Name of the employee	NI No.	Gross Salary (£)	Paye (£)	Employee NI (£)	Stu. Loan (£)	Employee contri. to Pension (£)	Net Pay (£)	Employer's NI (£)	Employer's Pension (£)
Mr. Robert Brown	DF236583	900.00	0.00	40.00	0.00	0.00	860.00	0.00	0.00
Mrs. Karin Brown	KU563487	900.00	0.00	40.00	0.00	0.00	860.00	0.00	0.00
Mrs. Donna Thomas	SY568475	3500.00	425.00	125.00	0.00	189.50	2760.50	89.00	79.50
Mr. Ryan White	GU56987	2700.00	325.00	95.00	45.00	156.00	2079.00	79.00	66.50
Gross Total		8000.00	750.00	300.00	45.00	345.50	6559.50	168.00	146.00

b) Posting Monthly Payroll Journal

➤ *Step 1: Select Accounting>Manual Journal (see screenshot below)*



➤ *Step 2: Click on New Journal and complete the details*



➤ Step 3: Click on Post

Manual Journals >

New Manual Journal



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

Draft

Narration **Date** **Auto Reversing Date** (optional)

Default narration to journal line description
 Show journal on cash basis reports

Amounts are

Description	Account	Tax Rate	Name of the Pro...	Debit GBP	Credit GBP
				Subtotal	0.00 0.00
				TOTAL	0.00 0.00

HMRC Liability = EE NI+ER NI+PAYE+Stu Loan=750+300+45+168= £1263.00

Pension Liability = EE Pension+ER Pension=345.50+146= £491.50

Gross Wages Dr. £8000.00

Employer's NI Dr. £168.00

Employer's Pension Dr. £146.00

Net Wages Cr. £6559.50

PAYE payable to HMRC Cr. £1263.00

Pension Payable Cr. £491.50

11. Vat Return

DSK Properties Limited Quarterly vat period end 30.06.2019. It is time to complete and submit the vat return for the period 1.4.2019 to 30.6.2019.(Cash Accounting Scheme)



Things to remember:

- i) Please ensure that you have posted all the sales and purchase invoices on Xero accounts
- ii) Please ensure that all the banks have been reconciled till the vat quarter end.
- iii) Please check the financial settings with vat number, vat scheme and period

➤ *Step 1: Go to Accounting>Reports>Tax>Vat Return (see screenshot below)*

The screenshot shows the Xero Accounting interface. The top navigation bar includes 'Business', 'Accounting', 'Payroll', 'Projects', and 'Contacts'. The 'Accounting' tab is selected. Below the navigation bar, the 'Reports' section is highlighted. Under 'Reports', there are sub-sections for 'Summary', 'Custom', 'Adviser', 'Drafts', and 'Published'. The 'Financial' section is expanded, showing a list of reports: 'Balance Sheet', 'Budget Manager', 'Business Snapshot', 'Cash Summary', 'Profit and Loss', 'Statement of Cash Flows - Direct Method', 'Statement of Changes in Equity', and 'More reports'. The 'Tax' section is also expanded, showing 'EC Sales List', 'VAT Reconciliation', and 'VAT Return'. The 'VAT Return' option is circled in blue.

➤ Step 2: Click on File Vat now (see screenshot below)

VAT Return
DSK Properties Limited
For April 2019 to June 2019

[Add Summary](#)

VAT Return Details

Registration Number	GB 123456789
VAT Scheme	Cash Scheme
Period covered by the return	Quarterly
Late VAT Claims included	No (Previous period has not been filed)
From	1 Apr 2019
To	30 Jun 2019
The deadline for submitting this return online is	7 Aug 2019

VAT Calculations

VAT due this period on sales and other outputs	1	5,400.00
VAT due in this period on acquisitions from other EC Member States	2	0.00
Total VAT due (the sum of boxes 1 and 2)	3	5,400.00
VAT reclaimed in this period on purchases and other inputs (including acquisitions from EC)	4	1,504.13
VAT to Pay Customs	5	3,895.87

Sales and Purchases Excluding VAT

Total value of sales and all other outputs excluding VAT (including supplies to EC)	6	27,000.00
Total value of purchases and all other inputs excluding VAT (including acquisitions from EC)	7	8,316.16

EC Supplies and Purchases Excluding VAT

Total value of all supplies of goods, excluding any VAT, to other EC Member States	8	0.00
Total value of all acquisitions of goods, excluding any VAT, from EC Member States	9	0.00

Ready to file your return?

Filing via Xero enables any late claims to be included in future returns.

[File VAT Now...](#)

[Save as Draft](#)

[Print](#)

[Export](#)

Required:

- Prepare quarterly Vat Return and Export the report to pdf.
- Process Vat Reconciliation Report for April to Jun 2019
- Submit vat return to HMRC (enable setting)
- EC Sales Introduction
 - Transactions posted with tax rate EC Goods and Services Income
 - EU registered customers with valid vat registration Number

➤ Steps: Accounting>Reports>Tax>EC Sales List (see screenshot below)

The screenshot shows the Xero Accounting software interface. At the top, there is a blue navigation bar with the following menu items: Business, Accounting, Payroll, Projects, and Contacts. The 'Accounting' menu item is circled in blue. Below the navigation bar, the 'Reports' section is visible, with 'Reports' circled in blue. Under 'Reports', there are sub-menus: Summary, Custom, Adviser, Drafts, and Published. The 'Summary' sub-menu is selected. Below the sub-menus, there are two main sections: 'Financial' and 'Tax'. The 'Financial' section contains a list of reports: Balance Sheet (with a star icon and a 'New' button), Budget Manager, Business Snapshot, Cash Summary (with a star icon), Profit and Loss (with a star icon and a 'New' button), Statement of Cash Flows - Direct Method (with a star icon and a 'New' button), Statement of Changes in Equity (with a star icon and a 'New' button), and More reports (with a downward arrow icon). The 'Tax' section contains a list of reports: EC Sales List (with a star icon and a 'New' button), VAT Reconciliation (with a star icon), and VAT Return (with a star icon). The 'EC Sales List' report is circled in blue.

Report Name	Star Icon	New Button
Balance Sheet	★	Yes
Budget Manager		No
Business Snapshot		No
Cash Summary	☆	No
Profit and Loss	★	Yes
Statement of Cash Flows - Direct Method	☆	Yes
Statement of Changes in Equity	☆	Yes
More reports	∨	No
Tax		
EC Sales List	☆	Yes
VAT Reconciliation	☆	No
VAT Return	☆	No

⇒ Advance Level

12. CIS Return

a) Enabling CIS settings

Mr. Robert has informed you that he has already registered the company with HMRC for Construction Industry Scheme as CIS contractor.



Important: Please remember the monthly CIS period starts from 6th of the month and end at 5th of the next month

Use below details of DSK Properties Limited

Unique Taxpayer Reference (UTR)	0000000000	✓
Accounts Office Reference	122PN222233X	✓
Note, character #4 must be a 'P', #5 must		
Employer's PAYE Reference	123/236FGV	✓

Required:

- Please enable the CIS scheme as a contractor on Xero.

➤ **Step 1:** Go to Accounting > Advanced

The screenshot shows the Xero Accounting menu with the following items: Accounting, Payroll, and Projects. Under Accounting, the following items are listed: Bank accounts, Reports, Advanced (circled in blue), ★ Reports, Account Transactions, Aged Payables Detail, Aged Receivables Detail, Balance Sheet (91,4), Bank Reconciliation Summary, Profit and Loss, Supplier Invoice Report, and VAT Return.

➤ Step 2: Select Financial Settings

Advanced accounting

Advanced features

- ★ Find and recode
Fix incorrect categorisation across multiple transactions at once
- ★ Manual journals
Work directly with the general ledger
- ★ Fixed assets
Create and manage assets
- ☆ Assurance dashboard
Monitor the accuracy of financial data within your organisation

Advanced settings

- ★ Financial settings
Edit financial settings like tax periods and lock dates
- ☆ Chart of accounts
Add, edit, archive, delete, import or export your accounts
- ☆ Tax rates
Add, edit or delete tax rates
- ☆ Fixed assets settings
Manage asset types and account defaults

➤ Step 3: Complete the below ticked information

Construction Industry Scheme ?

Enables CIS in your chart of accounts, so you can file CIS Monthly Returns. [Learn more](#)

I am a registered contractor This cannot be disabled after the page is saved ✓

I am a registered subcontractor

Unique Taxpayer Reference (UTR)
e.g. 0000000000 ✓

Accounts Office Reference
e.g. 000PX00000000 or 000PX0000000X ✓
Note, character #4 must be a 'P', #5 must be a letter, #13 either a number or the letter 'X'

Employer's PAYE Reference
e.g. 000/0000000000 ✓
Note, this field is made up of Office Number and Reference Number, separated by a '/'
- Office number, is either 1, 2 or 3 numeric characters
- Reference number, is 1 to 10 characters and can be any of A-Z, a-z, 0-9 or .,-()/=!"%&*;<>'+:?>

BACS ?

Your Service User Number / Owner ID number which allows you to pay via the BACS
123456789

b) Create a new Subcontractor

- To add a new contact Ablab Constructions (Refer Video Task 3 a)
- Verify the details on HMRC website
- Apply the CIS rate Standard 30%
- Apply Organisation Type Sole Trader
- Under Purchase Settings – Apply 321-Cis Labour Expense and Save

c) Entering Subcontractor bill on Xero

Required:

- i) Enter a bill on Xero for Subcontracting services provided as per below details.
(Create a nominal code if not shown on chart of accounts)

Steps to create a bill: Business>Bills to pay>New Bill (Refer video from Task 3 c)

From	Date	Reference	Net (£)	Vat	Account	Name of the Property
Ablab Constructions	15.7.2019	ABL/07/2019	4500.00	Zero rated	321-CIS Labour	16-20 Industrial Estate
Ablab Constructions	25.7.2019	ABL1/07/2019	3500.00	Zero rated	321-CIS Labour	16-20 Industrial Estate

- ii) Approve and pay from Business Current Account dated 30.7.2019

d) Process and file CIS Return

- i) Process and Print in pdf. CIS Monthly Return with below transaction included for the period 6.7.2019 to 5.8.2019

Steps to follow: (Accounting>Reports>under Tax>CIS Monthly Return>Export as pdf) – see screenshot below

The screenshot shows the Xero Accounting interface. The top navigation bar includes Dashboard, Business, Accounting, Payroll, and Contacts. The 'Accounting' menu is expanded to show 'Reports'. The 'CIS Monthly Return' report is displayed for 'DSK Properties Limited' for the period '6 Jul 2019 to 5 Aug 2019'. The report table is as follows:

Name	UTR	Verification Number	NI Number	Payments (incl. VAT)	VAT	Payments (Excl. VAT)	Cost of Materials	Liable to Deduction	Amount Withheld
Ablab Constructions				8,000.00	-	8,000.00	-	8,000.00	2,400.00
Total				8,000.00	-	8,000.00	-	8,000.00	2,400.00

Export options are visible at the bottom right: Export as PDF, Excel, and Google Sheets. The 'Export as PDF' option is circled in blue.

- ii) File the CIS monthly return for the period 5.7.2019 to 6.8.2019 to HMRC via Xero and export the Transactions by subcontractor into Excel. **(Example report included below)**

Please follow the below steps: (see screenshot below)

- Step 1: Select Accounting
- Step 2: Go to Tax
- Step 3: Click on CIS contractor (Monthly return, Online Filing and Statements)

The screenshot shows the Xero Accounting software interface. At the top, there is a blue navigation bar with four tabs: 'Business', 'Accounting', 'Payroll', and 'Contacts'. The 'Accounting' tab is selected and circled in blue. Below the navigation bar, the 'Reports' section is visible, with sub-tabs for 'Summary', 'Custom', 'Adviser', 'Drafts', 'Published', and 'Filed'. The 'Summary' sub-tab is active. Underneath, there are two main sections: 'Financial' and 'Tax'. The 'Financial' section lists various reports such as 'Balance Sheet', 'Budget Manager', 'Business Snapshot', 'Cash Summary', 'Profit and Loss', 'Statement of Cash Flows - Direct Method', and 'Statement of Changes in Equity'. The 'Tax' section is circled in blue and lists 'CIS Contractor (Monthly Return, Online Filing and Statements)', 'CIS Monthly Return', 'CIS Payment and Deduction Statements', and 'EC Sales List'. Each item in the 'Tax' section has a 'New' button next to it.

Section	Item	Action
Financial	★ Balance Sheet	New
	Budget Manager	
	Business Snapshot	
	☆ Cash Summary	
	★ Profit and Loss	New
	☆ Statement of Cash Flows - Direct Method	New
	☆ Statement of Changes in Equity	New
	∨ More reports	
Tax	CIS Contractor (Monthly Return, Online Filing and Statements)	New
	☆ CIS Monthly Return	New
	CIS Payment and Deduction Statements	New
	☆ EC Sales List	New

Example report below for your reference:

Reports > CIS Contractor > 6 Jul - 5 Aug 2019

Monthly return Transactions by subcontractor

CIS monthly return transactions for 6 Jul - 5 Aug 2019 [Change period](#) All subcontractors Group line items by bill [Export](#)

Payment date	Reference	CIS rate	Total payment (inc. VAT)	Total VAT (A)	Total payment (excl. VAT)	Cost of materials (B)	Non-CIS (C)	Labour (D)	CIS amount (E)	Subcontractor payment (incl. VAT) (A+B+C+D+E)
Ablab Constructions 2 bills										
UTR (not supplied) • SVN (not supplied) • CRN (not supplied)										
					8,000.00	0.00			2,400.00	
30 Jul 2019	ABL/07/2019	Higher (30%)	4,500.00	-	4,500.00	-	-	4,500.00	1,350.00	3,150.00
30 Jul 2019	ABL1/07/2019	Higher (30%)	3,500.00	-	3,500.00	-	-	3,500.00	1,050.00	2,450.00
Total			8,000.00	-	8,000.00	-	-	8,000.00	2,400.00	5,600.00

13. Accrual and Prepayment

You have been asked to prepare management reports for three months ended 30.06.2019. To provide accurate reports,

you need to complete below tasks: (Follow steps from Task 10 b for Manual Journal)

- i) Post Journal dated 30.06.2019 and accrue accountancy fees £450.00 till 30.06.2019 for consultancy services with auto reversal at 1.7.2019 – (NO VAT)
- ii) Post prepayment journal dated 30.06.2019 for advance insurance payment made for 6 months £2500.00 (NO VAT)
- iii) Post reversal of Prepayment journal as repeating journal for £416.67 starts from 1.7.2019 to 31.12.2019 (NO VAT) – Insert the placeholder (Month), Use (Save as Draft) – **See screenshot below for your reference.**

Draft 📄

Next Journal Date: Repeat this journal every: End Date (Optional):

Save as Draft Post

Narration

Insert Placeholder ▼ ?

Default narration to journal line description

Show journal on cash basis reports ?

Amounts are

Description	Account	Tax Rate	Name of the Pro...	Debit GBP	Credit GBP
Monthly Insurance Charges[Month]	433 - Building Insurance	No VAT		416.67	
Monthly Insurance Charges[Month]	620 - Prepayments	No VAT			416.67
Subtotal				416.67	416.67
TOTAL				416.67	416.67

Add a new line

Delete
Preview placeholders
Save
Cancel

14. Accrued Income and Deferred Income

DSK Limited have received rent in advance from below client for July to Sep 2019 and you would like to show this amount in Deferred Income (N/C 810) as on 30.06.2019 **(NO VAT)**

Name of Customer	Amount (£)	Account	Name of the property
Finsbury Furniture	15,000.00	Rent Income (200)	Unit 7 – Business House

You have noticed that the rent Invoice is not issued for one of the tenants for Jun. 2019 and you would like to record this on management accounts as Accrued Income **(Create the new nominal code 621). (Details are below) (NO VAT)**

Name of Customer	Amount (£)	Account	Name of the property
W M Smith	10,000.00	Rent Income (200)	16-20 Industrial Estate

Complete the below tasks:

- i) Post the journal dated 30.06.2019 for Deferred Income received £15,000 with auto reversal date 30.09.2019
- ii) Post the journal dated 30.06.2019 for Accrued Income £10,000.00 dated 30.06.2019 with auto reversal 1.7.2019

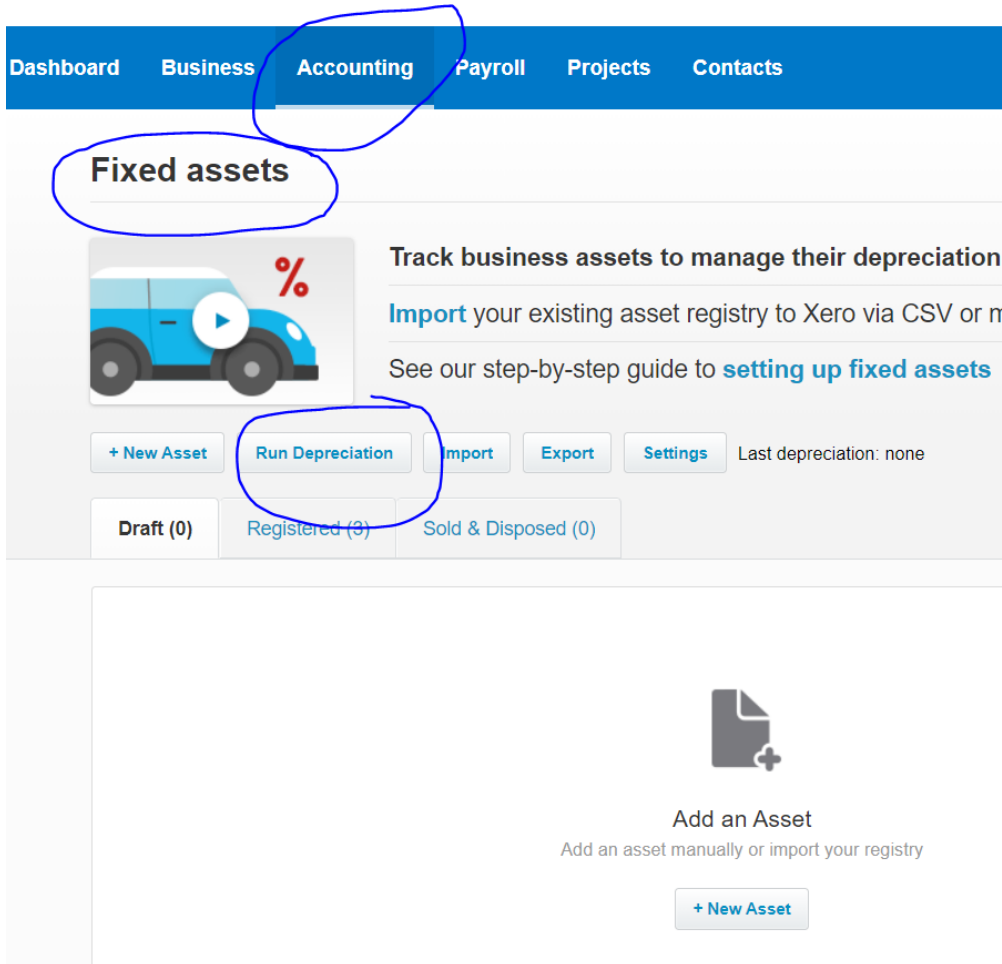
15. Depreciation Journal

You have already added 3 Assets in Task 4 a) with rate of depreciation and method applied. Please complete a below task to post depreciation journal automatically by Xero.

Complete the below task:

i) Run Depreciation from 1.4.2019 to 30.06.2019 (see below steps and screenshots for help)

➤ *Step 1: Click on Accounting>Select Fixed Assets>Select Run Depreciation*



The screenshot displays the Xero Accounting interface. At the top, a blue navigation bar contains the following menu items: Dashboard, Business, Accounting, Payroll, Projects, and Contacts. The 'Accounting' menu is highlighted. Below this, the 'Fixed assets' section is visible, featuring a blue car icon with a play button and a red percentage sign. To the right of the icon, the text reads: 'Track business assets to manage their depreciation', 'Import your existing asset registry to Xero via CSV or m', and 'See our step-by-step guide to [setting up fixed assets](#)'. Below the icon and text, there are several buttons: '+ New Asset', 'Run Depreciation', 'Import', 'Export', and 'Settings'. The 'Run Depreciation' button is circled in blue. To the right of these buttons, it says 'Last depreciation: none'. Below the buttons, there are three tabs: 'Draft (0)', 'Registered (3)', and 'Sold & Disposed (0)'. At the bottom of the page, there is a section titled 'Add an Asset' with the text 'Add an asset manually or import your registry' and a '+ New Asset' button.

➤ Step 2: Enter the end date 30.06.2019>Click on Confirm

Dashboard Business **Accounting** Payroll Contacts

Fixed assets >
Run Depreciation

Rollback Depreciation

Depreciate

From: 1 Apr 2019 To: 30 Jun 2019

Asset Type	Accumulated Depreciation Account	Depreciation Expense Account	Book Amount
Comp Equip.	721 - Less Accumulated Depreciation on Comp...	416 - Depreciation Expense	10.00

Confirm Cancel

ii) Disposal of fixed asset (Just as an introduction) – No Task to be completed

See below steps for disposal of an asset

➤ Step 1: Select Accounting > Fixed Assets > Select Registered tab (see screenshot below)

Dashboard Business **Accounting** Payroll Projects Contacts

Fixed assets

Track business assets to manage their depreciation and disposals

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

See our step-by-step guide to setting up fixed assets

+ New Asset Run Depreciation Import Export Settings Last depreciation: none

Draft (0) **Registered (3)** Sold & Disposed (0)

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price	Book Value
HP inkjet Printer	FA-0003	Office Equipment	1 Nov 2019	550.00	550.00
Office Desk	FA-002	Office Equipment	1 Sep 2019	450.00	450.00
Dell Laptop	FA-001	Computer Equipment	1 Jun 2019	800.00	800.00

➤ Step 2: Select the Asset you would like to dispose>Click on Options>Dispose (see screenshot below)

Fixed assets > Registered >

FA-0003 HP inkjet Printer

Summary Value **Options**

Details

Asset Name	Asset Number		
HP inkjet Printer	FA-0003		
Purchase Date	Purchase Price	Warranty Expiry	Serial Number
1 Nov 2019	550.00		NOV19-001
Asset Type			
Office Equipment			
Asset Account	Accumulated Depreciation Account	Depreciation Expense Account	
Office Equipment	Less Accumulated Depreciation on Office Equipment	Depreciation Expense	
Description			

➤ Step 3: Complete the required details>Review Journal>Update (see screenshot below) (below is an example)

Dispose FA-0003 HP inkjet Printer

Date Disposed: 25 Oct 2020 | Sale Proceeds: 200.00 | Sale Proceeds Account: 463 - IT Software and Consumables

Depreciation for this financial year: No Depreciation | Date: []

Update

Disposal Summary	Book
Cost	550.00
Sale Proceeds	200.00
Loss on disposal	350.00

Review Journals Cancel

16. Management Reports

Mr. Robert would like to have following reports for management reports for the period 1.4.2019 to 30.06.2019

- a) Profit & Loss Account (with monthly breakdown)

Complete the below tasks:

Prepare Profit & Loss Account (with monthly breakdown) for the period 1.4.2019 to 30.06.2019

Follow the Screenshot below:

Dashboard Business **Accounting** Payroll Contacts +

Reports > **Profit and Loss** Wide view

Common Formats Compare Periods Show Date Range

Date: June 2019 Period: 1 month Compare With: Previous 2 Periods Budget: (None) Update

Show Total
 Show YTD
More options

Profit and Loss DSK Properties Limited For the month ended 30 June 2019

[Add Summary](#)

	Jun-19	May-19	Apr-19	YTD
Income				
Interest Income	0.00	0.00	25.00	25.00
Rent Income	0.00	0.00	22,000.00	22,000.00
Total Income	0.00	0.00	22,025.00	22,025.00
Gross Profit	0.00	0.00	22,025.00	22,025.00
Less Operating Expenses				
Audit & Accountancy fees	450.00	0.00	0.00	450.00
Building Insurance	(2,625.00)	585.00	0.00	(2,040.00)

b) Profit & Loss Account (with property names)

Prepare Profit & Loss Account (with property names) for the period 1.4.2019 to 30.06.2019

Follow the Screenshot below

Common Formats Compare Periods Show Date Range

Date: June 2019 Period: 3 months Compare With: None Budget: (None) Update

Show Total
 Show YTD

Sort by: Account Name Filter by Name of the Property: All Name of the Propertie Currency: GBP British Pound

Cash Basis
Fewer options

Profit and Loss
DSK Properties Limited
All Name of the Properties
1 April 2019 to 30 June 2019

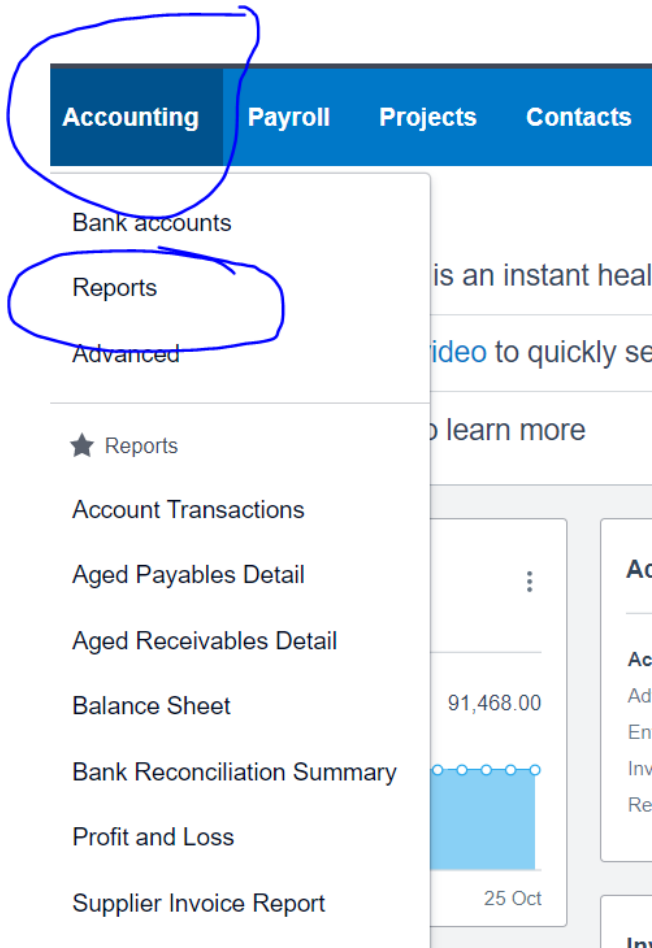
Add Summary

	1-5 Central Commercial Park	16-20 Industrial Estate	Unit 7 – Business House	Unit 8 – Business House	Unit 9 – Queen’s House	Unass
Income						
Interest Income	0.00	0.00	0.00	0.00	0.00	
Rent Income	12,000.00	20,000.00	(10,000.00)	0.00	0.00	

c) Trial Balance

Prepare Trial Balance for the period 1.4.2019 to 30.06.2019 - See Screenshot below

➤ *Step 1: Select Accounting > Reports*



➤ Step 2: Go to Accounting > Select Trial Balance

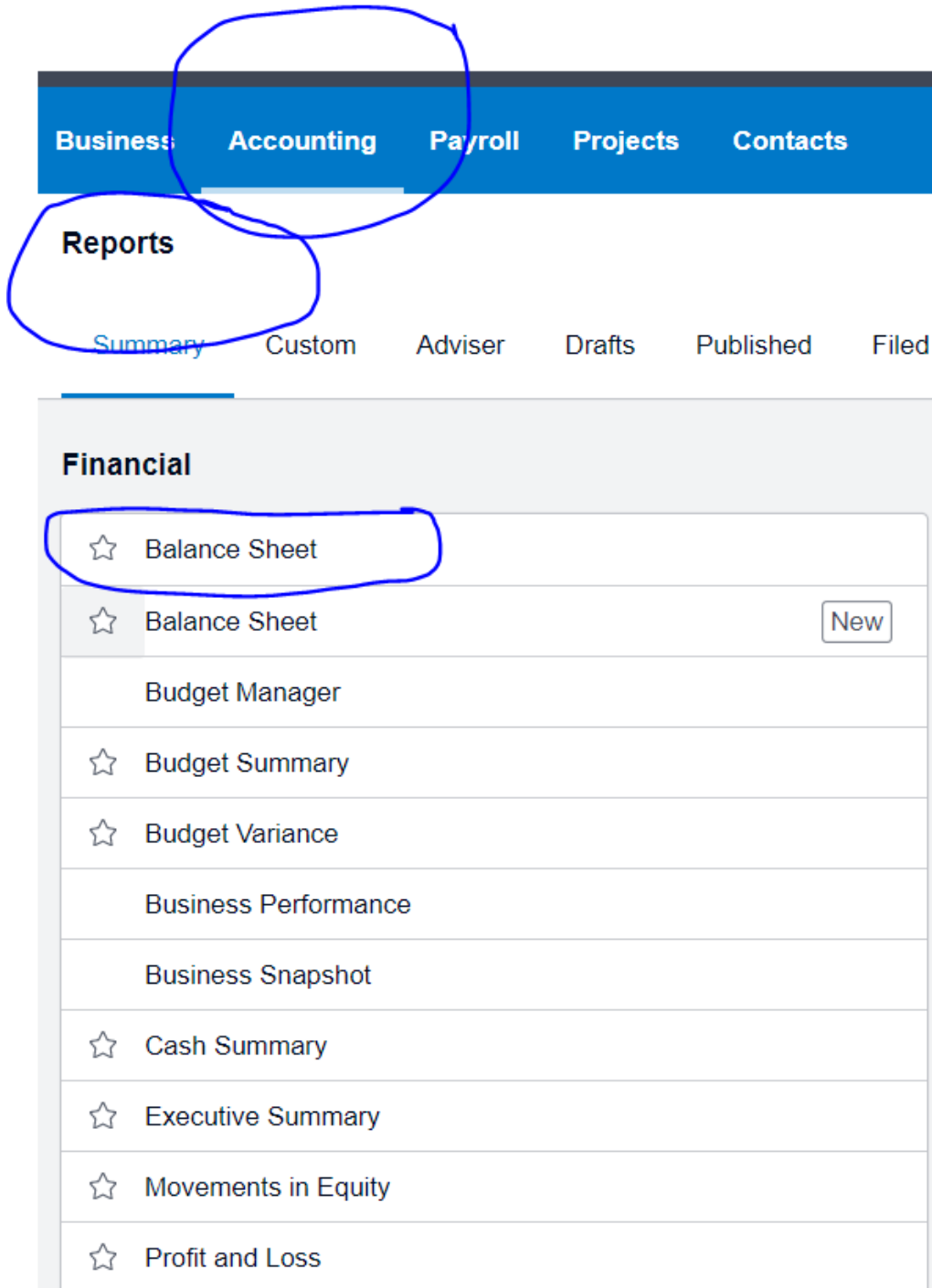
Accounting

☆	Abbreviated Accounts	
☆	Account Summary	
☆	Account Transactions	
★	Account Transactions	New
☆	Annual Accounts - Exempt	
★	Bank Reconciliation Summary	
☆	Bank Summary	
☆	Blank Report	New
☆	Contact Transactions - Summary	New
☆	Detailed Account Transactions	
☆	Duplicate Statement Lines	New
☆	Foreign Currency Gains and Losses	
☆	General Ledger	
☆	Journal Report	
☆	Management Report	
☆	Reconciliation Reports	
☆	Trial Balance	
☆	Trial Balance	New
	Uncoded Statement Lines	
^	Fewer reports	

d) Balance Sheet

➤ *Step 1: Select Accounting > Reports>Balance Sheet*

Prepare Balance Sheet for the period ended 30.06.2019 – See Screenshot below



17. Preparation of Budget

Mr. Robert would like to prepare quarterly budget for the period Oct. 2019 to Dec. 2019 (3 months)

Required:

- i) Add a new Budget (**Name – Quarterly Budget**) with Actuals 6 months option selected
- ii) Company would like to budget rent Income £15000 per month (Oct 19 to Dec 19)
- iii) Company would like to budget £8000 per month cost for Gross salary/Wages (Oct 19 to Dec 19)
- iv) Once above information has been updated, save, and export the budget to Excel

➤ *Step 1: Go to Accounting > Select Reports > Under Financial > Select Budget Manager*

The screenshot shows the Xero Accounting software interface. At the top, there is a blue navigation bar with four tabs: Business, Accounting, Payroll, and Contacts. The 'Accounting' tab is circled in blue. Below this bar, there is a 'Reports' button, also circled in blue. Underneath the 'Reports' button, there are several sub-menus: Summary, Custom, Adviser, Drafts, Published, and Filed. The 'Summary' sub-menu is highlighted with a blue underline. Below the sub-menus, there is a 'Financial' section. This section contains a list of reports, each with a star icon on the left and a 'New' button on the right. The reports listed are: Balance Sheet, Budget Manager (circled in blue), Business Snapshot, Cash Summary, Profit and Loss, Statement of Cash Flows - Direct Method, and Statement of Changes in Equity. At the bottom of the list is a 'More reports' link with a downward arrow.

➤ Step 2: Click on Add new budget>Complete the information as given below>click on Update

Budget Manager

Select Budget

Overall Budget | Start: Oct 2019 | Actuals: 6 months | Period: 3 months | [Update](#)

[+ Add new budget](#)

Overall Budget Wide view

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-1
223						
Quarterly Budget	25	0	0	0	0	
	0	0	0	0	0	

18. Preparing Cash Flow

Required:

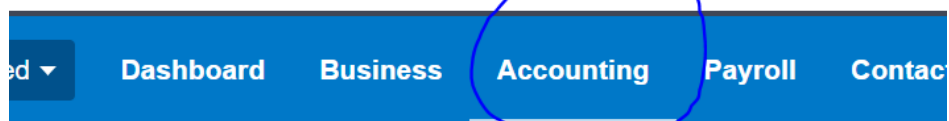
- i) Prepare statement of Cash Flow for the period 1.4.2019 to 30.09.2019 with Name of the property as per below. Once created save as Published.

Name of the Property 1-5 Central Commercial Park x

Name of the Property 16-20 Industrial Estate x

Name of the Property Unit 7 – Business House x

- *Step 1: Select Accounting > Reports> Go to Financial >Select Statement of Cash Flows – Direct Method*



Reports

Summary Custom Adviser Drafts Published Filed

Financial

★ Balance Sheet	New
Budget Manager	
Business Snapshot	
☆ Cash Summary	
★ Profit and Loss	New
☆ Statement of Cash Flows - Direct Method	New
☆ Statement of Changes in Equity	New
∨ More reports	

➤ Step 2: Select the date range>Apply the filter for property Names>click on Update

Reports >

Statement of Cash Flows

Date range: Custom

Comparison period(s)

1-Apr 2019 30-Sep 2019 ▼

None ▼

Filter



Update

Name of the Property 1-5 Central Commercial Park x

Name of the Property 16-20 Industrial Estate x

Name of the Property Unit 7 – Business House x

Statement of Cash Flows

DSK Properties Limited

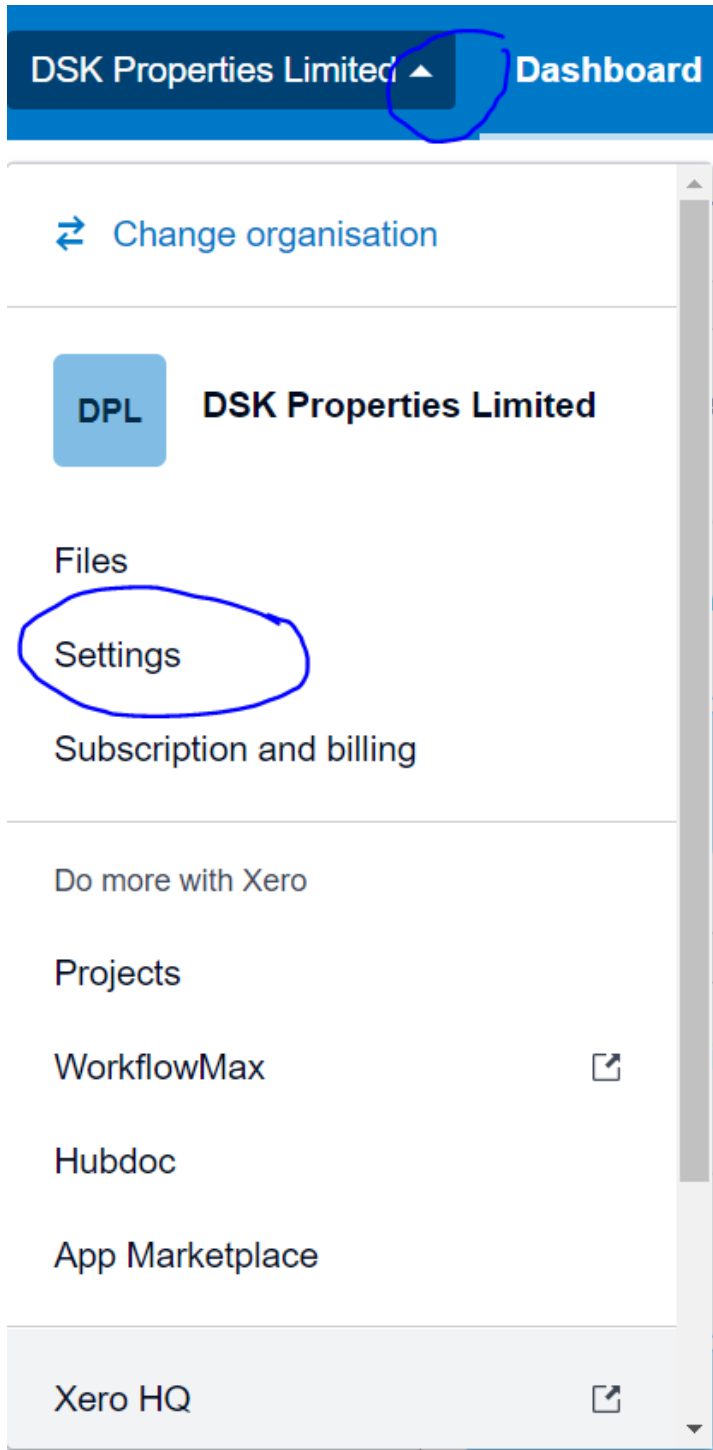
For the 6 months ended 30 September 2019

19. Payment Services on Xero

Payment Services can be added on Xero with the integrated apps to pay to your suppliers and accept the payment from your customer straight via Xero.

To add payment services on Xero below are the steps:

- *Step 1: Click on dropdown arrow next your company name>click on Settings (see screenshot below)*



➤ Step 2: Under Settings>Click on Payment Services>Enable the required service

Organisation settings

General	Features
<p>Organisation details Address, logo and basic financial information</p>	<p>Invoice settings Create branding themes for documents, add payment services and auto reminders for invoices</p>
<p>Users Add, remove or modify users of this organisation</p>	<p>Payment services Add and manage online payment options for your sales invoices</p>
<p>Currencies Manage the currencies your business uses</p>	<p>Email settings Set a reply-to email address and email template content</p>
<p>Connected Apps Add and manage third party connections to Xero</p>	<p>Payroll settings Manage your payroll settings</p>
<p>Subscription and billing Change plan and update credit card details Managed by Ujjwala Dsouza</p>	<p>Xero to Xero Connect with other Xero users to automate invoices and bills</p>

20. Bank Rules

- i) You have been asked to apply Bank rules for following Payment (Spend Money Rule) – Title Xero Subscription, **Target Bank** – Business Current Account

Payee	Description	Contact	Account	Tax rate
Xero UK Ltd.	Xero Monthly Sub.	Xero UK	Subscription (485)	20% Vat on Exp.

Below are the steps:

➤ Step 1: Go to Dashboard>Click on three dots as shows below>Click on Bank Rules

DSK Properties Limited Your last

Business Current Account (Nati)
12-34-56-123456

Why is this different?

Invoices owed to you

Find

- Account Transactions
- Bank Statements

New

- Spend Money
- Receive Money
- Transfer Money

Reconcile

- Reconcile Account
- Bank Rules**
- Reconciliation Report
- Import a Statement

Business Current Account (Nati 12-34-56-123456)

Older 18-24 Oct TI

➤ Step 2: On the next screen click on Create rule>Select Spend Money Rule

Bank Accounts >

Bank Rules



Save time with bank rules that automatically categori

[Watch](#) how bank rules work and how to create them

See our step-by-step guide to [creating bank rules](#)

+ Create rule ▾

Reconcile ▾

Spend Money Rule

Receive Money Rule

Transfer Rule

0)

Receive Money Rules (0)

Transfer Rules (0)

Click here to add one.

➤ Step 3: Complete the details as per the information provided above>click on Save

Spend money rule
 Receive money rule
 Transfer money rule

1. When money spent on the bank statement matches of the following conditions...

contains

2. Set the contact...

The contact will be

3. Automatically allocate fixed value line items...

No fixed value line items

4. With the remainder, allocate items in the following ratios...

Description	Account	Tax Rate	Name of the Propert...	Percent...
				100.00%
TOTAL				100.00%

5. Set the reference...

The reference will be set

6. Target a bank account...

Run this rule on

7. Give the rule a title...

- i) You have been asked to apply Bank rules for following receipt (Receive Money Rule) – Title Bank Interest **Title Bank Interest, Target Bank – Business Current Account**

Payee	Description	Contact	Account	Tax rate
National Bank	Bank Interest	National Bank	Interest Income (270)	No vat

Below are the steps:

- Step 1: Go to Dashboard>Click on three dots as shows below>Click on Bank Rules

DSK Properties Limited Your last

Business Current Account (Nati)

12-34-56-123456

Why is this different?

4 Oct 11 Oct

Invoices owed to you

- Find**
 - Account Transactions
 - Bank Statements
- New**
 - Spend Money
 - Receive Money
 - Transfer Money
- Reconcile**
 - Reconcile Account
 - Bank Rules**
 - Reconciliation Report
 - Import a Statement

Business Current Account (Nati 12-34-56-123456)

Older 18-24 Oct TI

- Step 2: On the next screen click on Create rule>Select Receive Money Rule

Bank Accounts >

Bank Rules

Save time with bank rules that automatically categori

[Watch](#) how bank rules work and how to create them

See our step-by-step guide to [creating bank rules](#)

+ Create rule ▲

- Spend Money Rule
- Receive Money Rule** (0)
- Transfer Rule

Reconcile ▼

Receive Money Rules (0) Transfer Rules (0)

Click here to add one.

➤ Step 3: Complete the details as per the information provided above>click on Save

Spend money rule Receive money rule Transfer money rule

1. When money spent on the bank statement matches **All** of the following conditions...

Payee contains

[Add a condition](#)

2. Set the contact...

The contact will be **an existing or new contact**

3. Automatically allocate fixed value line items...

No fixed value line items

[Add a new line](#)

4. With the remainder, allocate items in the following ratios...

Description	Account	Tax Rate	Name of the Propert...	Percent...	
				100.00%	<input type="text"/>

[Add a new line](#)

TOTAL 100.00%

5. Set the reference...

The reference will be set **from the Reference**

6. Target a bank account...

Run this rule on **all bank accounts**

7. Give the rule a title...

Save

Cancel

21. Multicurrency on Xero

You would like to add below Euro invoice received from your supplier therefore you would like to add as a currency on Xero.



Things to remember:

Please remember to enable this feature by upgrading the xero subscription to multicurrency

Name of Contact	Date	Description	Account	Amount (Euro)	Tax Rate
Elite Marketing	15.07.2019	Website design	Advertising (400)	2500.00	Reverse Charge Exp. (20%)

To add a currency below are the Steps:


- Step 1: Click on dropdown arrow next to your company name>Select Settings> Click on Currencies (see screenshot below)

The screenshot shows the Xero user interface. At the top, there is a navigation bar with 'DSK Properties Limited' and menu items: 'Dashboard', 'Business', 'Accounting', 'Payroll', and 'Contacts'. Below this is a sidebar with 'Change organisation' and a list of options: 'DPL DSK Properties Limited', 'Files', 'Settings' (circled in blue), 'Subscription and billing', 'Do more with Xero', 'Projects', 'WorkflowMax', 'Hubdoc', 'App Marketplace', 'Xero HQ', 'My Xero', 'Workpapers', and 'Practice Manager'. The main content area is titled 'Organisation settings' and contains several sections: 'General' with 'Organisation details' (Address, logo and basic financial information), 'Users' (Add, remove or modify users of this organisation), 'Currencies' (Manage the currencies your business uses, circled in blue), 'Connected Apps' (Add and manage third party connections to Xero), and 'Subscription and billing' (Change plan and update credit card details, Managed by Ujjwala Dsouza).

➤ Step 2: Select Add Currency>Select EUR Euro>Click on Add Currency (see screenshot below)

Organisation settings >
Currencies

Send invoices, reconcile accounts & get paid in over 160 different [currencies](#).
In our [video](#) learn how Xero updates rates automatically and calculates gains and losses
Read our [help article](#) to learn more




[+ Add Currency](#)

Exchange rates for 28 Oct 2020
There are no currencies to display.

Add Currency

Select a currency
EUR Euro

Automatic Foreign Exchange Rates provided by XE.com **Latest GBP Rate**

 Exchange rates are updated each hour with the most up to date mid-market rate from XE.com 1.10492

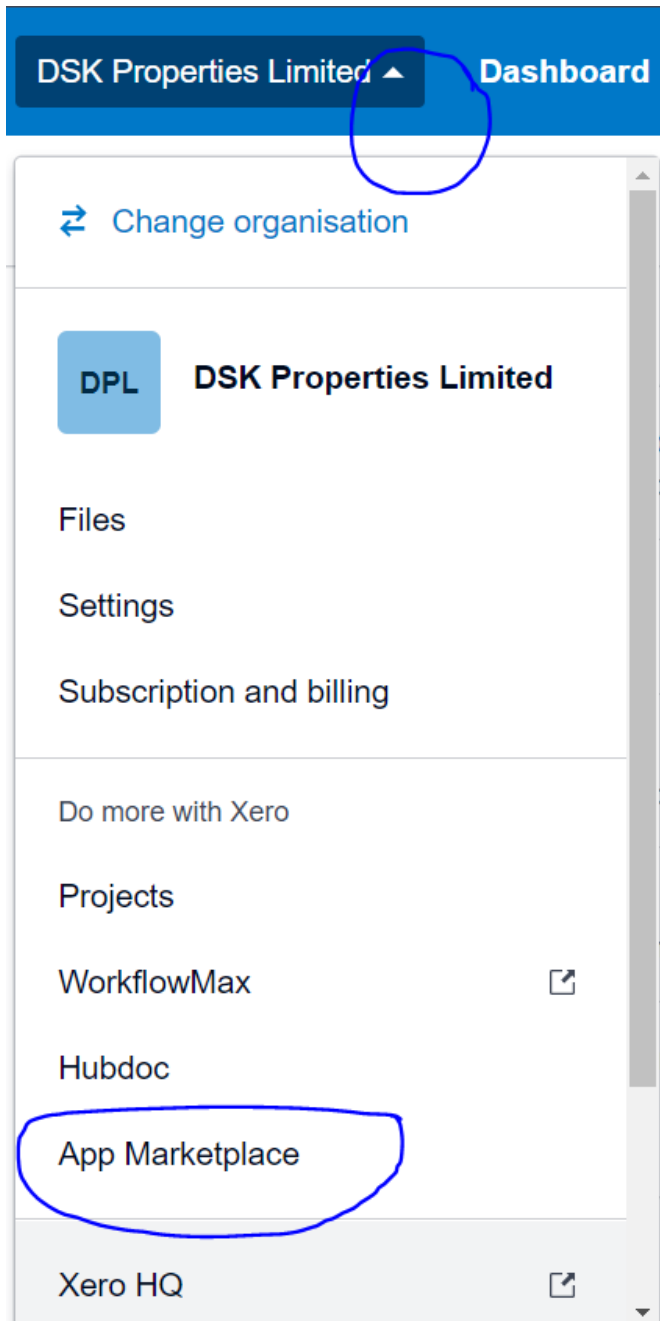
[Add Currency](#) [Cancel](#)

22. App Marketplace

- What is App Marketplace on Xero?

This Xero feature enables you and your team to manage all products, customers, suppliers, contacts, purchases and sales in one easy-to-use system.

To view the integrated market apps on Xero: Click on dropdown arrow>Select App Marketplace (See screenshot below)



- Select the different Function areas from your left-hand side and have a look on the App and see how it works for your business. (See below screenshot for an example)

Discover

Functions ^

- Accountant tools
- Bills and expenses
- CRM
- Conversions
- Custom integration
- Debtor tracking
- Documents
- Ecommerce
- Financial services
- Inventory
- Invoicing and jobs
- Other
- Payments
- Payroll HR
- Point of sale
- Practice manager
- Reporting
- Time tracking
- Xero HQ apps

Power-up with connected apps

Find and connect beautiful apps for your business

Q Search for apps, industries, tasks, departments... **Search**

Staff picks [See all >](#)

Accountant tools, Reporting
Xavier Analytics
★★★★★ / 34
Take control of your Xero data with Xavier Analytics; spot data anomalies, track key liabilities and prioritise your clients to take action & empower advisory in your...

Bills and expenses, Invoicing and jobs
ApprovalMax
★★★★★ / 98
ApprovalMax is an approval app that extends Xero with powerful approval automation features for accounts payable and accounts receivable.

Reporting, Xero HQ apps
Futrl
★★★★★ / 112
Predict is the only next-gen prediction software that automatically generates live financial predictions by combining due invoices/bills with your...

Invoicing and jobs, Practice manager
Practice Ignition
★★★★★ / 335
Practice Ignition eliminates the friction by sending your clients a single, smart proposal they can read, sign and pay in one place. That's more closed deals for you...

Invoicing and jobs [See all >](#)

23. Introduction of Resources available during Covid-19

- a) Access Government Info. and assistance to support the business

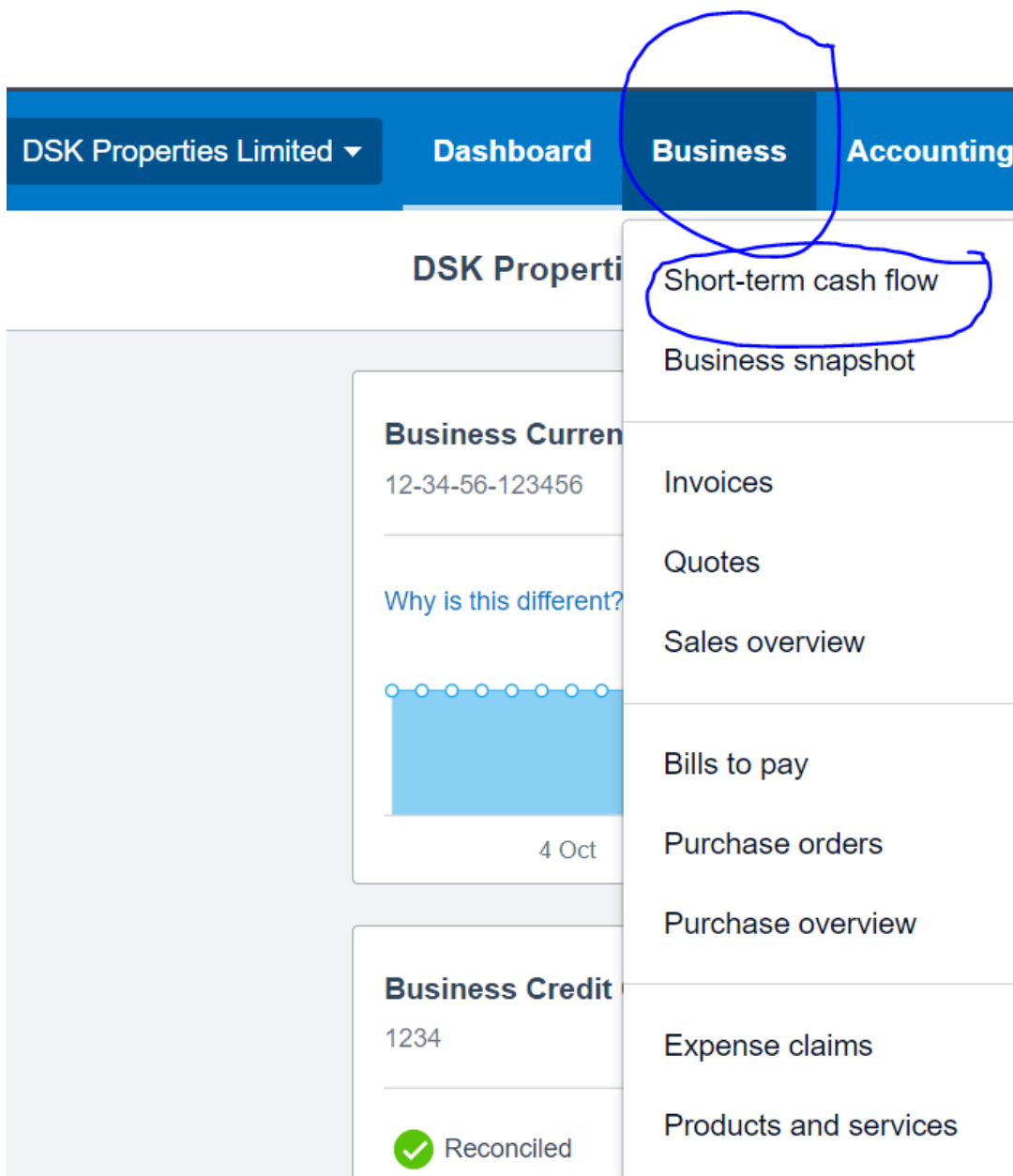
Log on to below web address to access the information on resources to help business during Covid-19

<https://central.xero.com/s/article/Account-for-COVID-19-government-support-in-Xero-UK>

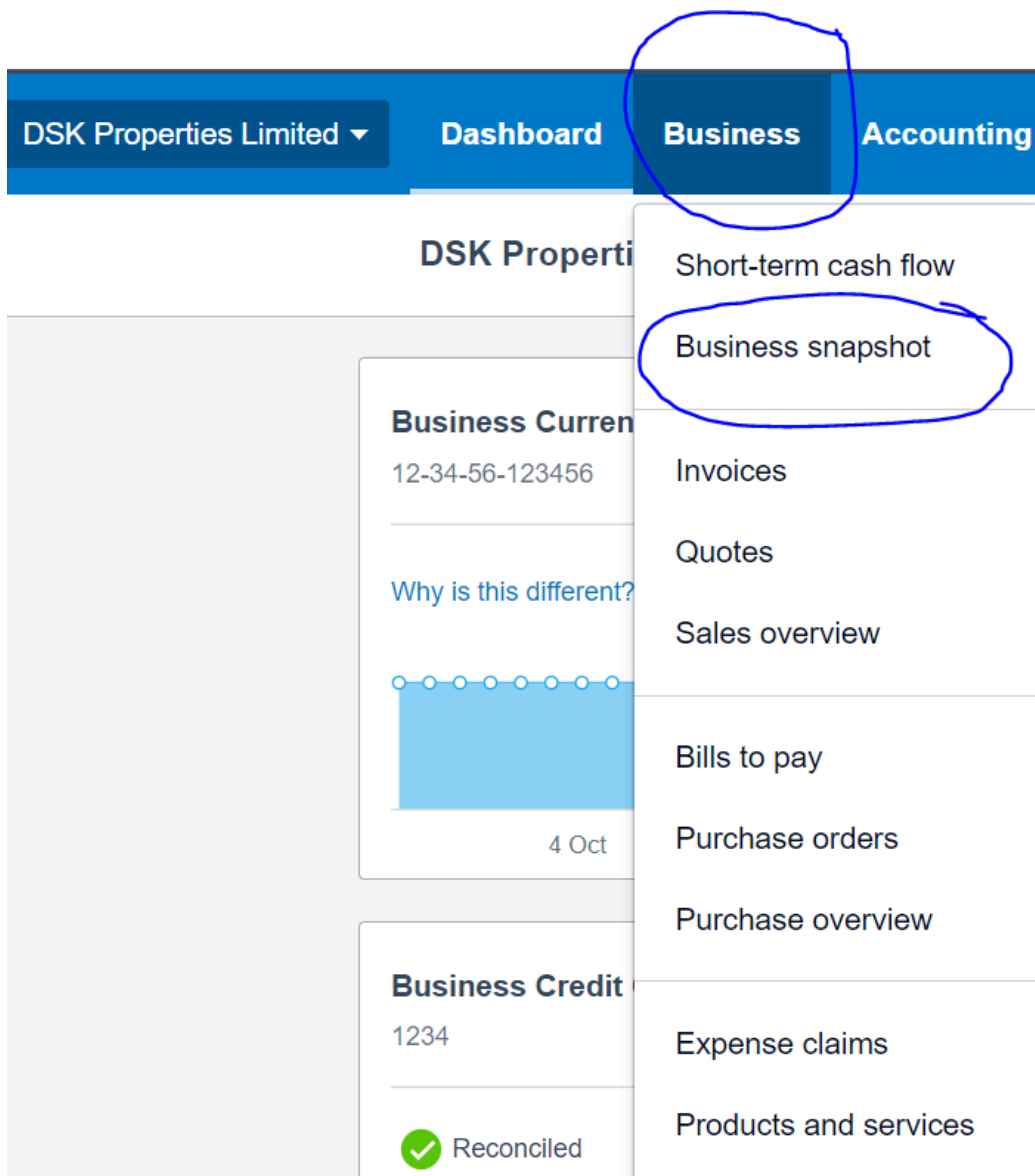


Resources to help your business during COVID-19

- a) Brand new feature – Short term cash flow – to access this feature (see screenshot below)



b) Brand new feature – Business snapshot



c) Furlough Scheme on Payroll

If you are a PAYE registered business, you might be eligible for a grant to cover part of your employees' salaries, if those employees would otherwise be made redundant. For more information about eligibility and how to claim, see Claim for wages through the Coronavirus Job Retention Scheme (GOV.UK website).

To record furlough claim on Xero:

- i) Post the usual monthly payroll journal and allocate the bank payments to Net Wages Account
- ii) When the money is credited to your business bank account by HMRC, code it to Gross Wages account to reduce the cost of overhead to business.

24. Correction of Error



To rectify the errors in bulk – Find and Recode is a useful feature.

➤ Find and Recode

The screenshot shows the Xero Accounting interface for 'DSK Properties Limited'. The top navigation bar includes 'Dashboard', 'Business', 'Accounting', 'Payroll', 'Projects', and 'Contacts'. The 'Accounting' menu is expanded, showing 'Find and Recode' (circled in blue) with the description 'Fix incorrect categorisation across multiple transactions at once'. Other menu items include 'Advanced accounting', 'Manual journals', 'Fixed assets', 'Assurance dashboard', 'Export accounting data', and 'History and notes'. On the right, the 'Advanced settings' section is visible, listing various settings like 'Financial settings', 'Chart of accounts', 'Tax rates', etc. The 'Settings' menu item in the left sidebar is also circled in blue.

A saved or Approved bill or Invoice can be deleted by using void feature

➤ Void



The screenshot shows a Xero Bill 710. The bill is from 'ABC Furniture' dated '22 Sep 2020' with a due date of '2 Oct 2020' and reference '710'. The bill is for 'Coffee table for reception' with a quantity of 1.00 and a unit price of 1,000.00. The total amount is 1,200.00. The 'Bill Options' menu is open, and the 'Void' option is highlighted in a blue circle.

Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Name of the Pr...	Amounts	
	Coffee table for reception	1.00	1,000.00	Office Equipment	20% (VAT on Expenses)			
							Subtotal	1,000.00
							Total VAT 20%	200.00
							TOTAL	1,200.00

An item which is already reconciled with bank can be corrected by via Remove and Redo feature.

➤ Remove and Redo

Bank Accounts > National Busin Bank Current AC > **Transaction: Payment** National Busin Bank Current AC
12-00-54-15945623

Reconciled 17 Oct 2020 [View Details >](#) What's this?   **Options** ▾

Payment Date **Reference**
18 Jun 2019

Contact	Inv #	Date	Due Date	Total	Pa
Quality Motors	MOT/12/20	15 Jun 2019	17 Oct 2020	699.00	699.00
Total				699.00	

[Send Remittance](#)
[View Remittance \(PDF\)](#)
[Unreconcile](#)
[Remove & Redo](#)

[Cancel](#)



HELPFUL TIPS AND ADVICE

DOUBLE ENTRY PRINCIPLES:

- ✓ Every Debit has a corresponding Credit
- ✓ All the expenses and Assets are always Debit
- ✓ All the Income and Liabilities are always Credit
- ✓ Assets = what belong to your company
- ✓ Liabilities = what you need to return or pay to others

