

## Up and running with Xero Cashbook Client: Easy step by step guide

Last updated 9<sup>th</sup> December 2011.

These notes tell you how to get started using Xero to classify your bank transactions so you can produce useful reports for your business including your GST return.

Visit our Xero FAQ at [www.dowsemurray.co.nz](http://www.dowsemurray.co.nz) and the Xero help centre at [www.xero.com](http://www.xero.com) for answers to commonly asked questions and how-to guides.

### Xero Cashbook

The cashbook client is a version of Xero that is available only through Xero partners for their clients. The main differences between it and the full Xero versions are that in the cashbook client:

1. You can't change the chart of accounts or add items to the dashboard. These need to be set up by your accountant.
2. You can't create invoices for accounts receivable or accounts payable.
3. There is an "Ask your Accountant" option on the help menu – this sends questions to us via email.

### Part I – Initial Setup

1. **Logon on to your new Xero organization for the first time:** Click on the link in your invitation to Xero email. If this is the first time you have used Xero you will need to set a password by clicking on the Sign Me Up button, otherwise logon using your email address and Xero password.
2. **Watch the Getting Started video:** On the main screen click the link to watch the getting started video – there will be a few features mentioned in the video related to invoicing and accounts receivable/payable that you don't need to worry about as they are not available in the cashbook client version we are using.
3. **Review ledger accounts:** Xero provide a standard chart of accounts with the most common ledger account codes and we have added a few more that we have found useful. To view the chart of accounts go to the dashboard and select "Settings" and then "Chart of Accounts". In most cases these codes will be sufficient but if there are changes you want to make to the chart of accounts (e.g. renaming an account or adding a new one) contact us via email with the details of what you want and we will set this up for you.

4. **Optionally set up tracking:** Tracking enables you to keep track of costs by cost centre such as an individual property or a separate retail site. To start tracking go to “Settings, General Settings, Tracking” and add the names of the categories you want to use under the Categories Options section. These may be the addresses of your rental properties or the sites of your retail outlets. Click Save. For detailed help on how to use tracking check out the Xero Help Centre [http://help.xero.com/nz/#Settings\\_Tracking](http://help.xero.com/nz/#Settings_Tracking).

## Part II – Using Xero

Read our coding guidelines. The key using Xero effectively is to reconcile often and to the appropriate account codes. We have written a document [http://www.dowsemurray.co.nz/resources/xero\\_coding\\_guidelines.pdf](http://www.dowsemurray.co.nz/resources/xero_coding_guidelines.pdf) which explains what account codes to use.

1. **Log on** to Xero using your email address and password.
2. **Reconcile transactions:** If you are with a bank that has live feeds (all major banks) then you will see a note under the bank account number of the number of unreconciled transactions. Click on “Reconcile now” to start the reconciliation process. If you are with a bank that doesn’t provide live feeds yet then you will have to download the bank statement details. To do this log on to your own bank site and download the transactions in OFX or QIF format and then upload them into Xero. There is a detailed step by step guide on how to do this in the Xero Help Centre in the Banking in Xero User Guide [http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts\\_Details\\_ImportTransactions](http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts_Details_ImportTransactions).
3. **Reconciling:** You will see a list of transactions to reconcile on the left and templates on the right for reconciliation. On the right hand side template click on “Create” for the first transaction and enter the name of the payee/ payer, the ledger account code and a brief description. If you want to add more details, for example by allocating the cost to a cost centre such as a rental property, then click on “Add details” and under the tracking code select the appropriate property. To allocate to cost centres such as individual rental properties first you need to set up “tracking” (see initial setup). Click “Save transaction” and click “reconcile”. This will take you to the next transaction.
4. **Memory:** You will notice that Xero recognises transactions. For example if you code a payment to Bank Fees then the next time a similar payment is found Xero will populate the fields on the right of the screen with the suggested breakdown. If correct you can just click reconcile.
5. **End reconciliation:** When you have finished it is worthwhile just comparing the closing balance as recorded on the dashboard against the actual bank account balance to ensure that the reconciliation is indeed complete.

6. **Recoding a transaction:** You can edit a reconciled transaction. Go to the dashboard and click on the bank account number (or Manage Account/Account Transactions) to display a list of all transactions. Find the transaction you want to change and click on it to display the transaction details. Click on the Payment Options button and select Edit Transaction. If you have several transactions to recode it is often faster to delete them as detailed below.
7. **Deleting a reconciled transaction so you can recode it:** Go to the dashboard and click on the bank account number to display a list of all transactions. Find the transaction you want to delete, tick it and click the red Delete button. The transaction will be removed from Xero and appear back in the list of bank transactions still to be reconciled.
8. **Deleting a duplicate transaction:** Sometimes while reconciling transactions you can accidentally create a duplicate payment or receipt in Xero. If a transaction appears twice or the actual closing bank account balance does not agree with the Xero balance this could be the case. Go to the dashboard and click on the bank account number. This will give you a list of the transactions - note which transactions have been successfully reconciled (green ticks on the left) or are unreconciled (yellow circles on the left). If a transaction needs to be deleted, for example, if it seems to appear twice and one entry is unreconciled, then use the procedure in 7 above to delete it.
9. **Reconciling large numbers of transactions:** We have found that Xero only provides the “green tick” prompts when reconciling transactions for the first ten or so transactions. To enable reconciliation of another 10 go to the bottom of the page and click on “next”. This will bring up the next 10 transactions.
10. **Splitting a payment:** If you would like to split one payment across two ledger codes or two cost centres or rental properties, for example, you might have written one cheque for rates for two properties then when you click on the “Add details” screen while reconciling the item you can go to “Add new line” in the bottom left hand corner to enter the new details. You should also change the amount for each part of the transaction and make sure they add up to the total.
11. **Printing reports:** When you have finished reconciling transactions you may wish to print some reports. To do this go to the dashboard and select “Reports”. The “All Reports” option has the full list – just the favourites are reports dropdown menu. One of the most useful reports is the Profit and Loss. You can customize this and we have found the following very useful: “Date: March 2011”, “Period: 1 month” and “Previous 11 periods” or lesser if fewer months, then select “print YTD (year to date)”. Select more options to produce reports by rental property or cost centre or “All”. This report quickly shows if something has been wrongly coded or something is missing for a month e.g. monthly interest payment. Click “Update” to change the options and click “Print” when you are ready to print.
12. **GST return:** You can print your GST return details. Check that the GST details are correct under “Settings, General Settings, Organisation Settings”.

13. **Manually importing bank statements:** If you are missing bank statements, for example there is a gap between when you started using Xero and when the automated bank statement feeds started, then manually download the statements from your banks web site and import them into Xero. There is a detailed step by step guide on how to do this in the Xero Help Centre in the Banking in Xero User Guide [http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts\\_Details\\_ImportTra ns](http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts_Details_ImportTra ns). If for some reason you can't do this (some banks only go back 90 days) then use the Recreating missing bank statements procedure below.
14. **Recreating missing bank statements:** Where you can't download bank statements you can create transactions in Xero using Manage Account/Spend Money and Receive Money. Use your paper bank statements as reference to make sure you don't miss anything and if you have a lot of transactions you may want to add up all items in each category (bank fees, general expenses, interest, etc ;) and put those totals in rather than hundreds of individual transactions. Once you have entered the transactions that you don't have bank statement lines for use the Mark as Reconciled option in Manage Account/Account Transactions to reconcile them.

## Part III – Keeping Xero Running Smoothly

1. **Reconcile transactions regularly:** The great thing about Xero is that all you really need to do is to reconcile your transactions – Xero looks after the rest. It's best to reconcile often - that way you never have too many transactions to process and they are fresh in your mind so you don't have to go hunting for paper copies and cheque books to work out what they are for.
2. **Download statements regularly:** If you have a bank account in Xero that does not have an automatic statement feed then you need to manually import statements into Xero. At a minimum you should do this before your GST return. We recommend doing it each month to keep on top of it. To do this log on to your own bank site and download the transactions in OFX or QIF format and then upload them into Xero. There is a detailed step by step guide on how to do this in the Xero Help Centre in the Banking in Xero User Guide [http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts\\_Details\\_ImportTra ns](http://help.xero.com/HelpCentre.aspx?Region=CNTRY/NZ#BankAccounts_Details_ImportTra ns).
3. **Check Bank Balances:** Xero works out what the balance in your bank account should be by taking the opening balance when Xero was set up and adding receipts and subtracting payments. It's a good idea when you first start using Xero to check the bank balance in Xero matches that in your online banking web site. The best time to do this is at the beginning of a day after all transactions have been reconciled in Xero and before you have made any transactions that could affect your bank balance (e.g. eftpos transactions). If the balances don't match it could be there are duplicate transactions or missing bank statements – in this case contact us for advice.

4. **Support:** If you get Xero system error messages or suspect something is not working correctly you can contact Xero support by clicking Help – Contact Support. Support queries are usually answered promptly. For general accounting questions and you can email us directly from within Xero by clicking Help – Ask Your Accountant.
5. **FAQs and How-To guides:** Visit our Xero FAQ at [www.dowsemurray.co.nz](http://www.dowsemurray.co.nz) and the Xero help centre at [www.xero.com](http://www.xero.com) for answers to commonly asked questions and how-to guides