

XERO

END OF YEAR

ACCOUNTS 2023

Training Notes

SUMMARY

Prepare for End of Year – make the processes less stressful.

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Xero Accounts Year End



Contents

.....	0
Step One: Review your settings.....	2
Organisation settings - Organisation details	3
Advanced settings - Conversion balances	3
Advanced settings - Financial settings.....	3
Lock Dates.....	3
Advanced settings - Chart of accounts	3
Contacts.....	3
Your financial settings include the information Xero uses to create reports and apply GST to transactions.	4
Step Two: Close off your accounts	4
Reconcile - Accounts payable	4
Reconcile - Accounts receivable	4
Step Three: Complete a bank reconciliation	5
Step Four: Fixed asset reconciliation.....	5
Advanced features - Fixed assets	5
Step Five: Process adjustments	5
Going further	6
APPENDIX A – CONVERSION DATES	7
About your conversion date	7
Adding transactions prior to conversion date.....	7
Tips for choosing a conversion date.....	7
Tips when changing your conversion date to a later date	8

These End Of Year Notes are drawn from the Xero website. Further information about any of the processes referred to can be found at the website <https://central.xero.com/s/learning> or in the **Xero Community** pages.



Complete your financial year end in Xero

Step One: Review your settings

Reduce errors by checking key information before you start finalising your year end.

TIP: Make use of the [file library](#) and create an EOFY folder to store relevant documents.

Activity Complete?

Go back to last organisation

Demo Company (AU) Dashboard Business Accounting Payroll Projects Contacts

Demo Company (AU) Your last login: last month from Australia Edit dashboard

Get to know Xero Hide

Explore our demo company to learn how Xero works.

The data is fictional so you can test out features without worrying about making mistakes.

[Learn more about the demo company](#)

Business Bank Account
306-234-12345678

Reconcile 28 items

Balance in Xero	(17,849.87)
Statement balance (Jun 8)	(4,377.17)

Business Savings Account
306-234-12345679

Reconciled

Statement balance (Jun 9) 6,878.28

Account watchlist

Account	This month	YTD
Inventory (630)	0.00	0.00
Office Expenses (453)	0.00	1,540.37
PAYG Withholdings Payable (825)	1,507.00	9,942.00
Sales (200)	9,022.32	53,378.32

Invoices owed to you

New sales invoice	4 Draft invoices	2,200.00
	13 Awaiting payment	25,056.55
	3 Overdue	7,097.50

Open Xero to Dashboard then use the **Search** function (highlighted above) to select to view **Settings**. Choosing **Settings** leads to the following screen with the **Organisation Settings**-

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

Features

- [Invoice settings](#)
Create branding themes for documents, add payment services and auto reminders for invoices
- [Payment services](#)
Add and manage online payment options for your sales invoices
- [Email settings](#)
Set a reply-to email address and email template content
- [Payroll settings](#)
Manage your payroll settings
- [Xero to Xero](#)
Connect with other Xero users to automate invoices and bills
- [Custom contact links](#)
Create shortcuts for your favourite Xero contacts and other tools

[Looking for advanced settings?](#)



Complete your financial year end in Xero

Organisation settings - Organisation details

Check the Legal/Trading name, ABN, and postal address inc. postcode, are correct.

Next click on link at bottom of Settings page "Looking for advanced setting?" which will take you to your "Advanced" page with Advanced Accounting and Advanced Features headings

Advanced settings - Conversion balances

Check your conversion date is correct.

Check that your conversion balances have been entered and the adjustment balance is nil. Lock your conversion balances to avoid accidental edits to information.

Advanced settings - Financial settings

Set a lock date to stop users from adding or changing transactions for the financial year

Lock Dates

Use Lock Dates to close off your accounts for a period. Lock dates stop users from adding or changing transactions if the transaction has a date that is on or before the lock date. Lock dates can either apply to all users, or only users who don't have the adviser user role.

To set a lock date:

In the **Accounting** menu, select **Advanced**, then click **Financial settings**.

Under **Lock Dates**, select the date you want to lock your organisation's accounts for.

Click **Save**.

Advanced settings - Chart of accounts

Review your account names and account codes for accuracy. Archive any old or unused accounts. (For more information on the chart of accounts, [click here](#).)

For accounting/bookkeeping practices only: Review report code mapping and client report fields for accuracy. (For more information on report codes, [click here](#)). (For more information on client report fields, [click here](#).)

Contacts

Check that all customers and supplier details are entered. Merge duplicate contact records or archive records no longer in use. (For more information on managing contacts, [click here](#).)



Complete your financial year end in Xero

Your financial settings include the information Xero uses to create reports and apply GST to transactions.

You can set lock dates to stop users from making changes to transactions, for example in past periods.

Xero uses your time-zone to set the date in transactions.

You'll need the standard or adviser user role to set or change most of the financial settings. Only advisers can set or change lock dates.

Step Two: Close off your accounts

Now you've reviewed all the key details, it's time to reconcile your accounts payable, accounts receivable and inventory.

TIP: Ask your suppliers for a statement to help confirm all transactions have been entered into Xero.

Activity Complete?

Reconcile - Accounts payable

Check that all bills have been entered and review any draft bills under the Draft tab.

Check credit notes have been allocated to the relevant bill or invoice. For more information on credit notes, [click here](#).

Check outstanding purchase orders and copy to a bill or invoice where applicable. For more information on how to do this, [click here](#).

Run the [Aged Payable Summary report](#) to check outstanding amounts you owe suppliers.

Reconcile - Accounts receivable

Check that all invoices have been entered and review any draft invoices under the Draft tab.

Check credit notes have been allocated to the relevant bill or invoice. For more information on credit notes, [click here](#).

Check outstanding quotes and copy to an invoice where applicable. For more information on how to do this, [click here](#).

Run the [Aged Receivables Summary report](#), to check outstanding customer amounts. You can also use the contact information in this report to follow up any overdue amounts.

Identify and write off any bad debts where applicable. Your accountant or bookkeeper can help you do this. For more information on recording a bad debt, [click here](#).

Run the [Billable Expenses - Outstanding report](#), and check there are no outstanding expenses yet to be allocated to your customers.

Send out customer statements to show their account activity and amounts outstanding to your business. [Click here](#) for more information on sending customer statements.

Reconcile - Inventory

Perform a stocktake and record any adjustments to inventory items. For more information on stock adjustments, [click here](#). Tip: Run an [Inventory Item List](#) report to help with stocktake.



Complete your financial year end in Xero

Step Three: Complete a bank reconciliation

Check the statement lines on your bank account match transactions entered to Xero. This helps identify missing, duplicate or manual transactions, ensuring you always have accurate and timely data in Xero.

TIP: Don't wait till the end of the year to do bank reconciliation.

Look at doing it weekly or monthly so it's easier to identify and fix mistakes.

Activity Complete?

Accounting - Bank accounts

Check that all bank accounts have been reconciled. If they have, you'll see a green reconciled icon.

For more information on completing a bank reconciliation, [click here](#).

Compare your bank balance in Xero to your actual bank balance- you want these amounts to balance. For more information on comparing the balances and resolving mismatches, [click here](#).

Accounting - Reports

Run a [Bank Reconciliation Summary report](#) to identify any duplicate, manually entered or deleted bank statement lines.

Fix any errors that you identified. For steps on how to do this, [click here](#)

Step Four: Fixed asset reconciliation

Check that on your balance sheet, the total assets equal your total liabilities and equity. Reconciling your balance sheet Allows you to verify that all of your entries are recorded and classified correctly.

TIP: Add any new assets straight away to your fixed asset register. You can add it directly to the register or create one from a purchase transaction when you purchased it.

Activity Complete?

Advanced features - Fixed assets

Check that all assets have been added to your asset register. For more information on adding a fixed asset, [click here](#).

Dispose or sell any assets as required. For detailed steps on selling or disposing of a fixed asset, [click here](#).

Run depreciation on your registered fixed assets. [Click here](#) for detailed information on running depreciation.

Run a [Fixed Asset Reconciliation report](#) to compare your balance sheet fixed asset account balance with your asset register balance.

Step Five: Process adjustments

It's likely you'll have adjustments to do at the end of year and this can be achieved in Xero by processing a manual journal.

TIP: To save time entering recurring transactions, set up a [repeating journal](#) entry with a placeholder.

Activity Complete?

Review manual journal entries and reverse any that are no longer required i.e. a repeating journal entry. [Click here](#) for more information.

Record end of year adjustment journals. For more information on adding a journal entry, [click here](#).



Complete your financial year end in Xero

Step Six: Finalise reports

Before publishing any reports, check that a lock date has been entered. Lock dates stop users from adding or changing transactions and can be applied to all users or only users who don't have the adviser user role.

For detailed instructions on setting a lock date, [click here](#).

You can now go ahead and publish the reports you've run so you can capture all the details as at the date you finalised.

For detailed instructions on publishing a report, [click here](#).

Going further

Below is a list of courses available on Xero Central where you can delve further into topics like how best to set up your Xero account, reconcile transactions from your bank and manage fixed assets.

[Set up Xero](#)

[Bank reconciliation](#)

[Fixed assets](#)

[Preparing financial statements](#)



APPENDIX A – CONVERSION DATES

About your conversion date

The conversion date is the date of your opening account balances, known in Xero as [conversion balances](#). It's usually the date you start using Xero. The only transactions you should enter in Xero dated before this date are invoices and bills that were unpaid when you converted.

Your conversion date is always the first of a month. January 2006 is the earliest date you can use.

If you're coming from another accounting system, it's important the conversion date is the day after the date when you balanced all your accounts in your previous system. If you're entering balances from your trial balance, make sure you've run this report to the day before you want to start using Xero.

If you've already entered conversion balances and need to change the conversion date, you'll need to confirm the balances and make any changes that are needed. For example, entering, editing or deleting [conversion invoices or bills](#).

If your conversion date is in the past and you've carried on business since then, you need to import from your conversion date onwards:

Invoices and bills

Bank account and credit card statements

Adding transactions prior to conversion date

Only transactions that take place from your organisation's conversion date onwards should be entered in Xero. This includes the unpaid amount of any sales invoices and purchase bills at your conversion date. The conversion date is the start date for Xero reporting.

The conversion balances entered create the opening balances for the accounts they're entered for. When creating reports, Xero looks at transactions dated after the conversion date, and adds them to the conversion balance for the account. Prior conversion dated transactions are not included in reports.

If you want to have full transaction details for previous years in Xero, we suggest you set an earlier conversion date and recreate the earlier years' accounts in Xero.

Tips for choosing a conversion date

The month you choose will depend on how you currently manage your accounts and what data you want to bring across. We suggest you choose:

The month your current GST period starts from, if you're GST registered, or the current month, if you aren't GST registered

You can choose a conversion date:

In the future, if you want to get Xero set up before you start using it

In the past, if you want to create your account with historical data

That's different from the start of your financial year



Complete your financial year end in Xero

Tips when changing your conversion date to a later date

Void any invoices and bills that were paid before the new conversion date, but retain any that were still unpaid at the new date.

Delete any bank statements that have been imported and are dated earlier than the new date.

Remove any other transactions that are dated earlier than the new date.